



NATIONAL ROAD FUND AGENCY

ANNUAL REPORT



2024

A Sustainable and Dynamic Road Fund for National Development





NATIONAL ROAD FUND AGENCY

2024 ANNUAL REPORT



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CHAIRPERSON'S FOREWORD

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CHAIRPERSON'S FOREWORD

Board Chairperson

It is my pleasure to present the National Road Fund Agency (NRFA) Annual Report and Financial Statements for the year ended 31st December 2024.

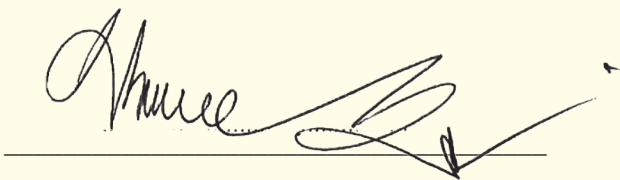
The Board continued to give policy guidance in the management and governance of the Agency as it executed its mandate. During the period under review, the Agency continued to implement its 5year Strategic Plan for the period between 2022- 2026. The Mid Term Review of the Strategic Plan was done in 2024 and the Agency's performance was rated above average, an indication that Management and Staff were fully committed to implementing the Strategic Objectives of the Agency despite facing various challenging factors mostly related to inadequate funding to address all critical programs and activities in the Road Sector. The Strategic Plan remains a key tool for the Agency in implementing its activities to attain its objectives.

During the period under review, Zambia's debt restructuring efforts continued to gain traction. The Road Sector, Debt Restructuring entailed implementation of reforms in areas such as fiscal discipline, effective governance, value for money, transparency and accountability. The Agency and the Road Sector in general, had to operate within the approved Annual Work plan for 2024. The Approved 2024 Budget for the Road Sector Annual Work Plan amounted to **ZMW8.32 billion** out of which **ZMW7.28 billion** was utilized.

Further, the Agency was able to achieve some milestones that included surpassing the target in road toll collections 77% to **ZMW4.03 billion** against a collection target of **ZMW2.27 billion**. Additionally, the Agency continued to improve efficiencies in terms of implementing automated platforms for toll fee collections thereby making it easy for motorists to pay toll fees at the various toll stations. Another key Milestone that the Agency attained during the period under review was the successful handover of facilities and operations at Katuba, Manyumbi and Kafulafuta Toll Stations to the Lusaka to Ndola PPP Concessionaire.

These are some of the major activities that the Agency was able to undertake in 2024. This was made possible through collaboration by the Agency with key stakeholders in the road sector which is an indication that the sector is able to effectively implement various programs through continuous engagements with Implementing Agencies, Ministry of Finance and National Planning, the Ministry of Local Government and Rural Development and the Ministry of Housing, Infrastructure and Urban Development.

Looking ahead, the Board remains resolute in providing policy guidance to Management as it executes its mandate of Resource Mobilization, Fiduciary Management of the Resources and ensuring Value for Money.



Mr. Noel Nkoma
Board Chairperson

DIRECTOR/CHIEF EXECUTIVE OFFICER'S REPORT

This report highlights key activities undertaken by the National Road Fund Agency (NRFA) during the period 1st January to 31st December 2024, drawing its legal mandate from the National Road Fund (NRF) Act No 13 of 2002.

The Agency remains committed to Resource Mobilization, Fiduciary Management of Resources and Value for Money. During the period under review, the Agency operated in line with Government Policy on road infrastructure development, maintenance and financing, in line with the key monetary and fiscal measures that the Government through the Ministry of Finance had introduced.

The NRFA 2022-2026 Strategic Plan remained the key tool for the Agency in terms of implementation of activities in line with the mandate of the institution. The Mid Term Review of the Strategic Plan was undertaken by Management with the assistance of the Management Development Division of Cabinet Office. The Performance of the Agency at Mid Term in line with the set Strategic Objectives was above average.

The year 2024, though with some challenges, was progressive on some fronts thereby allowing for implementation of key strategic activities that resulted in the Agency maintaining its positive corporate image. This can be attributed to the support, firm guidance and the positive direction given by the Board of Directors, dedication, innovation, and commitment to duty by Agency staff and the critical and invaluable cooperation and support from implementing Agencies and institutions, and from the Government through the Ministry of Finance and National Planning.

The Agency built on the successes recorded as of 2024 by carrying on with the innovative approach to resource mobilization through ensuring the smooth operations of the Inland Toll Stations, Weigh Bridges and Ports of Entry. A number of Toll Stations underwent periodic maintenance to ensure uninterrupted tolling operations at all toll stations. Ensuring that power supply was readily available during load management, from either solar or generator sets, was prioritized during the reporting period.

The Agency operated under a relatively challenging environment related to high cost of funds, depreciation of the Kwacha against the major currencies thus,

resulting in a slowed approach in the implementation of various set programs within the Road Sector. Despite this, efforts were made to ensure that some of the critical programs were implemented through continuous engagements with implementing agencies and stakeholders within the Road Sector.

The Road Sector received a total of **ZMW 7.28 billion** against an approved Annual Road Sector Budget for 2024, amounting to **ZMW8.3 billion**. A total of **ZMW 6.19 Billion** was from Local Funding and the balance of **ZMW 1.09 billion** was from External Funding from Partners that included the World Bank and the African Development Bank. A total of **ZMW4.44 billion** was released into the Road Fund realized from Road User Charges (RUCs) and **ZMW1.40 billion** was released by the Ministry of Finance and National Planning to cater for programs outside the Annual Work Plan such as the full settlement of the NAPSA Loan facility and the payment of packages for affected staff at the Toll Stations that were concessioned.

The Agency continues to provide checks and balances within the road sector through various monitoring and evaluation activities such as processing of Interim Payment Certificates (IPCs), inspection of projects and undertaking technical audits. Through processing of IPCs the Agency recorded a saving of **ZMW138.73 million** for the whole year. From 2011 to 2024, the Agency has recorded cumulative savings of approximately **ZMW620 million** through the IPC Certification processing.

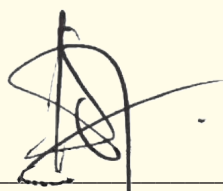
For the financial year ended 31st December 2024 with respect to the National Road Tolling Programme by which the Agency is a Tolls Agent, a total of **ZMW 4.03 billion** was collected against budgeted collection of **ZMW2.27 billion** from both in land and Port of Entry Toll Collections points, representing an overall collection efficiency performance of 77%. This growth underlies the significance of the role Road Tolling Programme in contributing to the delivery of road infrastructure development of the country.

The Agency continued to explore innovative ways of raising additional revenues to meet the financing gap arising from the ever-increasing demand for road infrastructure across the country. Additionally, the Agency further implemented the automated cash payment solutions for toll fees thereby improving on

efficiency and in line with the idea of reducing the usage of actual cash transactions.

Looking in the year 2025, the Agency will continue to operate within its mandate of Resource Mobilization, Fiduciary Management of the Resources, ensuring and promoting Value for Money. The Agency shall also continue to implement the 5-year Strategic Plan (2022-2026) which is aligned to the United Party for National Development (UPND) Manifesto and the 8th National Development Plan.

To achieve the strategic objectives of the Agency as set out in the 2022-2026 Strategic Plan, will require continued commitment by management and staff in delivering a superior service. I take this opportunity to thank the Board, Management and Staff, the various Stakeholders in the Road Sector and the Ministry of Finance and National Planning for the support rendered during the period under review.



Mr. Daniel Mtonga
Director/ Chief Executive Officer

NRFA BOARD MEMBERS



Mr. Noel Nkoma
Board Chairperson



Eng. Joseph Malisawa
Vice Board Chairperson



Mr. Robert M. Malasha



Mr. Ismail Mulla



Mr. Vincent Linyama



Ms. Agalasia Mary-Ann Chisenga



Dr. Edna Kabala-Litana



Mrs. Jacqueline C. Jhala



Mr. Francis Mundanya



Ms. Wendy Nambule Mukape



Mr. Stephen Mbewe



Mr. Hector Sampa



Eng. Amon Mweemba
Ex-Officio



Eng. Jairos Mhango
Ex-Officio



Mr. Daniel Mtonga
Secretary

NRFA SENIOR MANAGEMENT



Mr. Daniel Mtonga
Acting Director /Chief Executive Officer



Mrs. Muyunda L. Sakala
Acting Director Fund Management



Mr. Richard Shikoki
Director Internal Audit



Mrs. Alice Mbozi
Acting Director –Corporate Services



Eng. Charles Kandeke
Acting Director - Road Tolling



Eng. Nonde Musawa
Acting Director Monitoring & Evaluation



INTRODUCTION

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1 INTRODUCTION

This Annual Report covers the period from 1st January to 31st December 2024 and highlights the major activities undertaken by the NRFA during this period.

The functions of the Agency as prescribed in the National Road Fund Act Number 13 of 2002 are anchored on the three thematic areas of Resource Mobilization, Fiduciary Management of Resources and Value for Money. Key in the Agency's Resource mobilization function is the role as Tolls Agent in the implementation of the National Road Tolling Programme (NRTP).

The NRFA's Modus Operandi is informed by a Strategic Plan as a building block for a Sustainable Road Fund. The Agency has in place the 2022-2026 Strategic Plan as a blueprint on which all activities are based. During the period under review, a Mid Term Performance Review of the Implementation of the Agency Strategic Plan was undertaken and the indications were that the Performance of the Agency was above average.

2 STRATEGIC PLAN 2022-2026

In order to ensure effective implementation of the 2022-2026 Strategic Plan, the Agency formulated a consolidated Business Plan 2024 that comprised

activities under each department and unit with clear targets aimed at attaining strategic objectives. A quarterly review process was undertaken to ensure effective implementation and adherence to the plan. Additionally the Mid Term Review of the Implementation of the Strategic Plan was undertaken with the assistance of the Management Development Division of Cabinet Office.

The Vision of **"A Sustainable and Dynamic Road Fund for National Development"** and Core Values of Proficiency, Integrity and Teamwork will enable the Agency achieve its mission of mobilizing and Sustainably Managing Financial Resources for Good and Safe Roads. The are 5 Strategic Objectives in the 2022-2026 Strategic Plan. These include

Objective 1- Improving Financing of Road Sector Programmes

Objective 2- Enhance Stakeholder Engagement

Objective 3- Enhance Fiduciary Management

Objective 4- Enhance Operational Processes

Objective 5- Improve Human Capital Development

The Agency's Scorecard which is in line with the 2022-2026 Strategic Plan is presented below;

Figure 1. NRFA Scorecard





FUND MANAGEMENT

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3 FUND MANAGEMENT

3.1 ROLES AND MANDATE

The Fund Management Department is responsible for administering the Road Fund. This involves tracking funds collected from the Road User Charges and ensuring that all such funds collected are remitted into the Road Fund. The Department further controls the usage of funds by ensuring that the funds are disbursed for intended road works and road transport, traffic and safety management activities as contained in the Road Sector Annual Work Plan.

The Road Fund comprises two main sources of revenue streams namely, Local and External Resources. The Local Resources consist of Road User Charges (Tolling Revenue, Fuel Levy, Road Taxes, Road Traffic Collections, Weighbridge Fees and Fines), GRZ budget appropriations and local loans obtained from local financial institutions. The External Resources include Loans and Grants signed by the Ministry of Finance and National Planning with Bilateral and Multilateral Partners.

Highlighted below are the Department's activities aimed at meeting the Agency's strategic objectives which include increased revenue base, improved fiduciary management of resources and improved service delivery.

3.2 KEY ACTIVITIES/ ACHIEVEMENTS

3.2.1 Resource Mobilization

The Road Sector received a total of **ZMW 7.28 billion**

against an Annual Road Sector Budget of **ZMW 8.32 Billion** representing funding of **88%** against budget. A total of **ZMW 6.19 Billion** representing **85%** of funding received was from Local Funding whilst the balance of **ZMW 1.09 billion** representing **15%** of funding received was from External Funding.

A total of **ZMW 4.44 billion** was received from Road User Charges (RUCs) and GRZ appropriations into the Road Fund for funding towards the 2024 Road Sector Annual Work Plan. The balance of **ZMW1.75 billion** represented funding towards Local Road Authorities and funding to cater for the full settlement of the NAPSA Loan facility and payment of redundancy packages for affected staff at three toll stations that were transferred to the concessionaire on the Lusaka Ndola Road.

External finding comprises funding received from Co-operating Partners such as World Bank under the Improved Rural Connectivity Project (IRCP) and African Development Bank (AfDB). No receipts/ disbursements were recorded under European Investment Bank (EIB) during the year as activities to be funded such as the construction of Chipata Dry Port and rehabilitation of the Great North Road Section between Mpika to Chinsali were under procurement during the year.

Table 1: Budget Vs Receipts

NATIONAL ROAD FUND AGENCY					
2024 ROAD SECTOR BUDGET VERSUS RECEIPTS AT 31 DECEMBER 2024					
No.	Description	2024 Budget	2024 Actual	Over/(Under) Budget	
		Year ended	Year ended	Year ended	Year ended
		31-Dec-24	31-Dec-24	31-Dec-24	31-Dec-24
		ZMW Million	ZMW Million	ZMW Million	%
1	2024 RSAWP- Road Fund	6,354.18	4,438.47	- 1,915.70	-30%
2	2024 RSAWP- Local Road Authorities	434.17	352.76	- 81.41	-19%
3	2023 Funding Released in 2024		262.02	262.02	-
4	Funding outside RSWAP		1,137.58	1,137.58	-
5	Total Local Funding	6,788.35	6,190.83	- 597.51	-9%
6	External Funding				
7	Cooperating Partners	1,530.28	1,093.88	- 436.39	-29%
8					
9	Grand Total	8,318.62	7,284.71	- 1,033.91	-12%

3.2.1.1 Road User Charges Collections

During the year under review, as part of the Road User Charges **ZMW6.68 billion**, was collected. This represented a **45%** collection above budget for 2024. Further, there was a **28%** increase in collections when compared with the prior year.

Toll revenue saw an increase to **ZMW4.03 billion** against a budget of **ZMW2.27 billion**, exceeding the budget by **77%**. The increase in collections was mainly attributed to the implementation of Statutory Instrument No 55 of 2023 that resulted in the increase in toll fees for heavy goods and abnormal load vehicles from **ZMW150.00** and **ZMW500.00**, to **ZMW250.00** and **ZMW800.00** respectively. The Port of Entry fees in US Dollars also contributed significantly as a result of the depreciation of the Kwacha.

Table 2: Revenue Collections Against Budget 2024

No.	Road User Charges (RUCs)	Year Ended 31 December 2024		Year Ended 31 December 2023		Over/(Under) Budget Year Ended 31 December 2024		2023 vs 2024 Comparison	
		Budget Projections	Actual Collections	Budget Projections	Actual Collections				
		ZMW Million	ZMW Million	ZMW Million	ZMW Million	ZMW Million	%	ZMW Million	%
1	Fuel Levy	1,463.58	1,731.17	1,128.20	1,448.71	- 267.59	118%	282.46	19%
2	Tolling	2,274.28	4,028.97	2,323.65	2,952.71	- 1,754.69	177%	1,126.93	38%
2	MV Licensing, Registraion and examination	823.61	777.00	813.02	760.72	46.61	94%	16.28	2%
3	Weighbridge Fees & Fines	52.00	96.52	46.69	76.87	- 44.52	186%	19.65	26%
	Total	4,613.47	6,633.66	4,311.56	5,239.01	- 2,020.19	144%	1,445.32	28%

a. NOTABLE ACHIEVEMENTS

The following were some of the notable achievements attained by the Agency in managing the Road Fund during the period under review;

i. Preparation of Unqualified 2024 Financial Statements

The Agency successfully prepared unqualified audited annual financial statements for both external and local funding for the year ended 31st December 2024.

ii. Preparation of Management Accounts

All Management Accounts and Variance Reports for all quarters in 2024 were prepared and presented to the Board for approval.

iii. Implementation of the Road Sector Debt Management Strategy

The Agency continued to implement the debt management strategy through guidance from the Ministry of Finance and also through the release of funds into the Road Fund to cover obligations.

iv. Automation of Payment Systems to Commercial Banks

During 2024, all payments were channeled through the automated commercial banks systems to ensure real time processing of payments by the Agency.

b. CHALLENGES

Notwithstanding the successes scored by the Department during the year under review, some challenges were faced as follows;

i. Delayed Payments

Delayed payments despite sufficient funding from the Ministry of Finance and National Planning due to debt arrears from prior years.

ii. Budgetary Constraints

The budgetary allocation towards debt payments in the Annual Work Plan for 2024, was not sufficient to meet the road sector debt requirements. This led to delayed payments towards road sector arrears during the year.





ROAD TOLLING DEPARTMENT

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4 ROAD TOLLING DEPARTMENT

4.1 ROLES AND MANDATE

The National Road Fund Agency (NRFA), as a Tolls Agent (LTA), through the Road Tolling Department (RTD) is implementing the National Road Tolling Program (N RTP) in collaboration with other Sector Agencies such as the Road Development Agency (RDA) and the Road Transport Safety Agency (RTSA). The key responsibilities of the RTD include the planning and coordination of all activities under N RTP, formulation of technical policies and guidelines, implementation of strategies on tolling operations and infrastructure development, tolling systems development and management and regular reviews of the Tolling Legal Framework. The RTD is also responsible for the collection of Road Toll Revenues and ensuring that the Zambian tolling operations are well benchmarked against best Industry Standard Practice and deliver an efficient and effective service to Road Users.

4.2 TOLL REVENUE COLLECTIONS AND TOLLING OPERATIONS

The implementation of the N RTP has continued to make positive progress as can be seen from the improved performance in collected toll revenues.

In 2024, a total of **ZMW4.03 billion** was collected against budgeted collection of **ZMW2.27 billion** from both inland and Port of Entry Toll Collections points, representing an overall collection efficiency performance of **77%**.

Table 3 below gives a summary of toll revenue collection performance for period Jan-Dec 2024 against budget.

Table 3: Collected Toll Revenue - Target Vs Actual Jan-Dec 2024

Toll Revenue: Projected vs Actual (Jan- Dec 2024, K'000)				
Description	Projected	Actual	Variance	% Collections Performance
Inland	859,863	2,005,552	1,145,688	233%
Port of Entry	1,414,420	2,023,422	609,001	143%
Total	2,274,283	4,028,974	1,754,689	177%

Cumulatively, a total of **ZMW17.5 billion** has been collected under the National Tolling Programme since its inception in 2013.



NATIONAL ROAD FUND AGENCY



Easier
Faster
Secure

Dial *115#
On the Zamtel Mobile Money Menu Select NRFA and Follow the Prompts

Get an E-Toll Card Today and Drive Cashless
Top up value using **Zamtel Mobile Money**

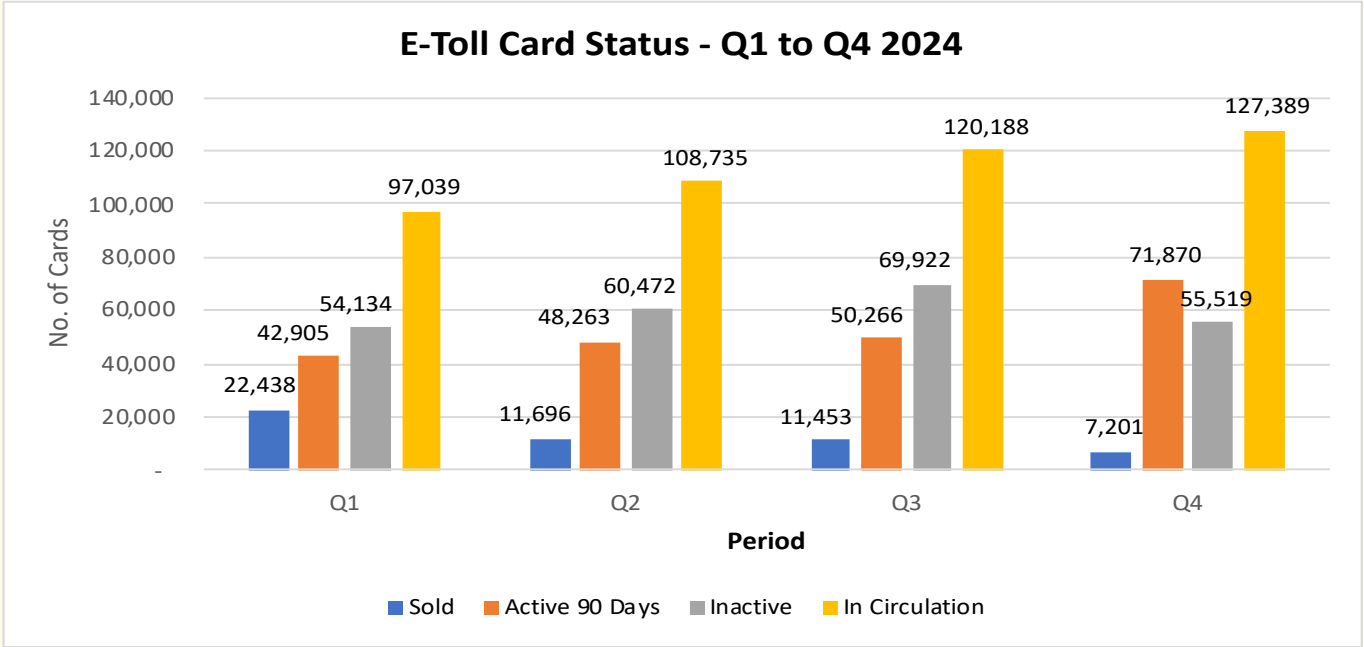
1. Dial *115#
2. Choose option 3 Pay Bill
3. Select option 5 Government Services
4. Then option 6 NRFA Tolls
5. Select option 1 to Fund Card
6. Enter the phone number linked to the Card
7. Name and card number will appear, enter amount and proceed
8. Enter your pin to authorize the payment and complete the process

4.3 CASHLESS TOLL COLLECTION SYSTEM

In 2024, the Agency continued its efforts to promote the adoption of the Cashless Toll Payment System, which demonstrated substantial growth and efficiency. For the entire year 2024, the E-Toll system processed **ZMW800 million** in toll revenue, an increase of 97% from **ZMW406 million** collected in 2023.

As at 31st December 2024, a total of 127,405 cards were in circulation. A total of 52,804 cards were sold in 2024, compared to 21,242 cards sold in 2023 resulting in an increase of 148%. The figure below shows the E-Toll Cards in 2024.

Figure 2: E-Toll Cards Sold



4.4 TRAFFIC INFORMATION

During the period under review, a total of **24,825,166** vehicle passages were processed at Inland toll stations out of which a total of 3,534,243 transactions were processed under the Frequent User Discount and 296,691 were processed on the Local User Discount. The sharp decline in processed traffic in Q4 2024 is attributed to the descoping of the three toll stations that were concessioned on the Lusaka to Ndola link. Figure below shows the traffic processed during the period under review.



4.5 CONTROL CENTRE OPERATIONS

The Control Centre continued to monitor toll station transactions and operations using deployed technologies and offer support to customers through the dedicated customer lines. The Centre also assisted with training and roll out of the ETC card acquisition, activation and loading of value to all toll stations.

4.6 TOLLING INFRASTRUCTURE FACILITIES MANAGEMENT

The Agency through the Road Tolling Department conducted maintenance activities to ensure uninterrupted tolling operations at all toll stations. Some of the key activities undertaken with regards to maintenance of the Toll Stations include;

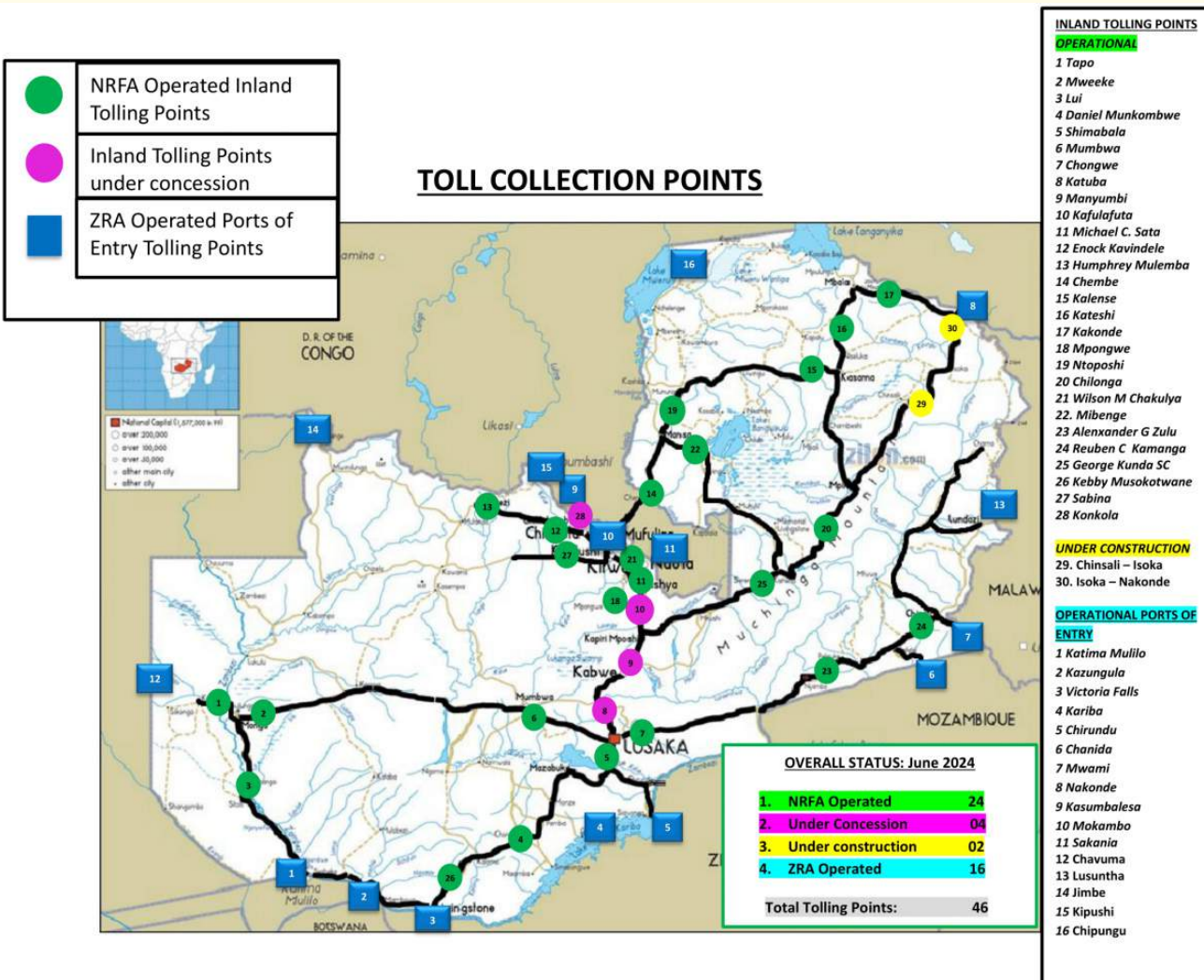
Restoration of Tolling Operations at George Kunda Toll Station – George Kunda recorded an accident on 30th November 2024 where a truck damaged the canopy, barriers and toll booths. The Agency in collaboration with the Road Development Agency conducted recovery works to ensure that tolling operations were restored.

Maintenance of Solar Power Systems- During the period under review, the Agency through the Road Tolling Department undertook repairs on existing Solar Power Systems at Toll Stations across the Country.

Other Routine Maintenance Works- During the period under review, routine maintenance works were conducted at all toll stations to ensure smooth operations.

As at December 2024, the National Tolling Programme had 24 inland toll stations and 16 Ports of Entry. The Map showing Toll Stations in Zambia as at December 2024 is presented below;

Figure 3: Toll Collection Points





MONITORING AND EVALUATION (M&E)

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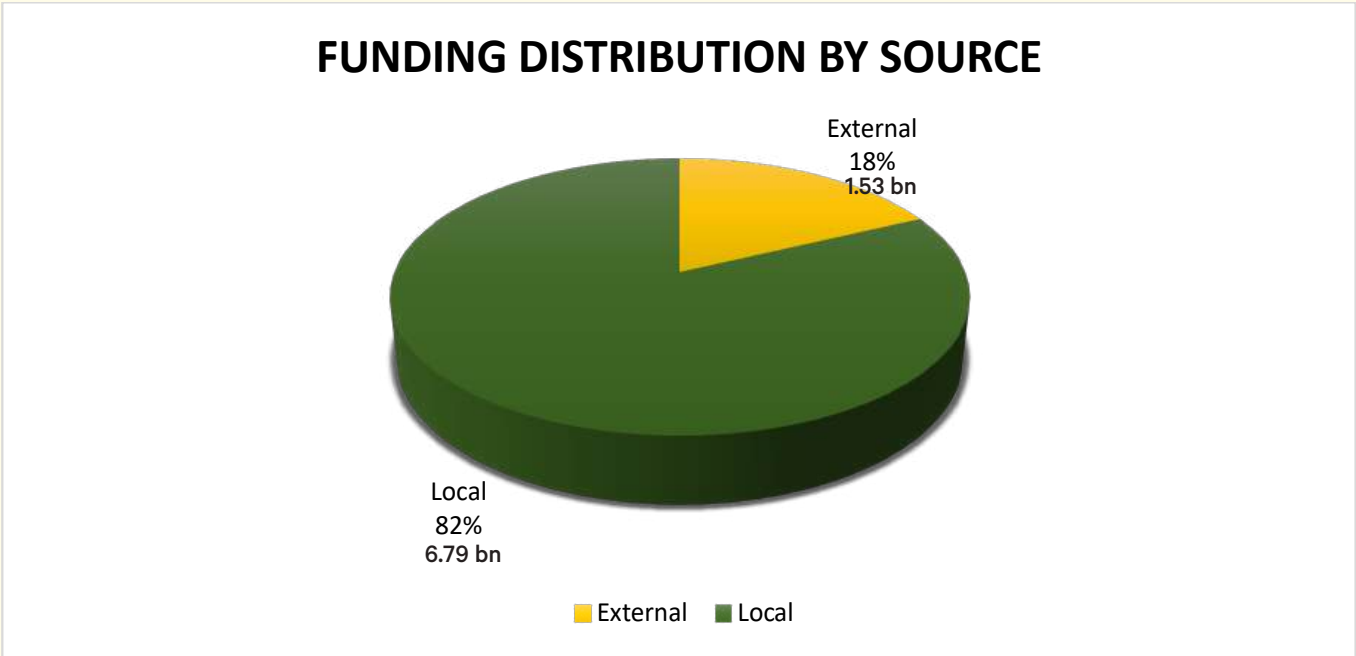
5 MONITORING AND EVALUATION (M&E)

The M&E Department has the following core functions; Monitoring, Evaluation, Technical Audits, Stakeholder Communication and feedback and Technical Assistance to road sector agencies. These functions are aimed at ascertaining and promoting **Value for Money** on the various road sector programmes, projects and related activities.

5.1 ROAD SECTOR FUNDING ANALYSIS

The 2024 RSAWP was prepared in joint consultation with the relevant stakeholders in the transport sector and these included NRFA, RDA, MLGRD, MTL, RTSA, NCC, MHIUD and MoFNP. The preparation of the RSAWP is aligned with the objectives of the Eighth National Development Plan (8NDP). The 2024 RSAWP had a total value of **ZMW 8.3 billion**. Below shows the funding sources summary for the 2024 RSAWP.

Figure 4: Funding Sources for the 2024 RSAWP

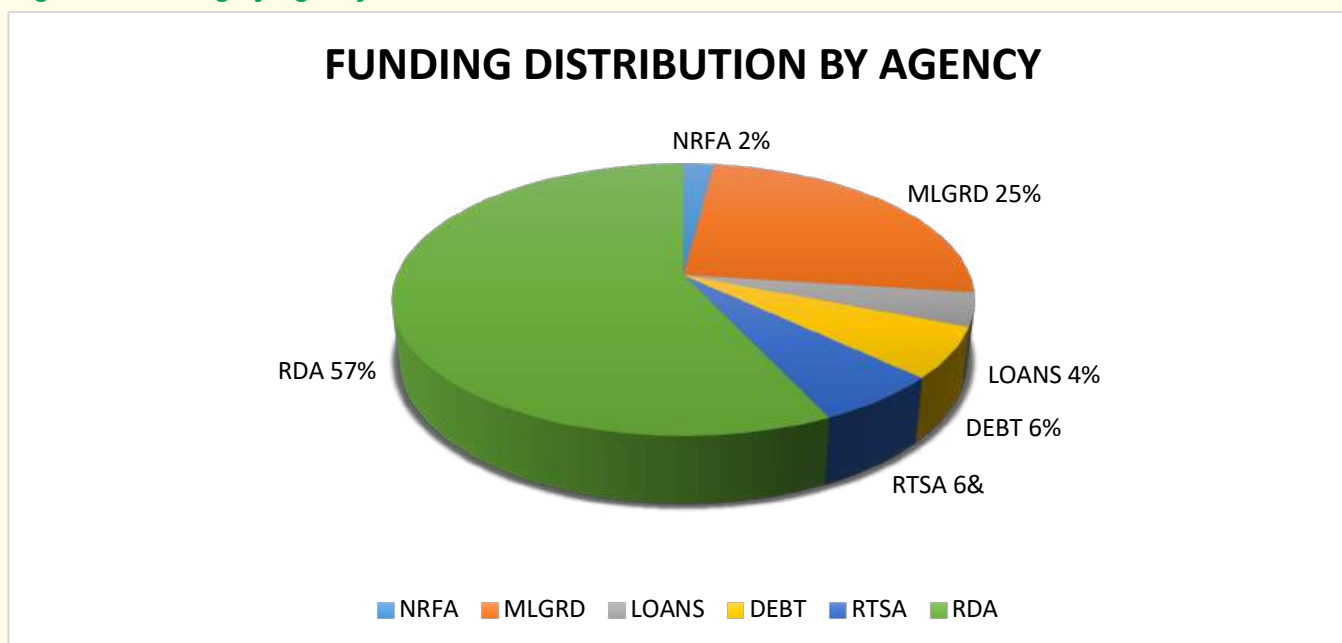


5.2 PLANNING

The 2024 Road Sector Annual Work Plan was driven by the need to provide road maintenance, rehabilitation and upgrading works on the Core Road Network (CRN) to preserve, improve and expand the road asset. The 2024 RSAWP also aimed to address other aspects within the road sector such as the Axle Load Control Programme, Road Safety and Transport Services as well as Capacity Building through various initiatives and skills development programmes.

Figure below shows a summary of Funding by Sector Agencies. The largest share of the resources of approximately (57%) was allocated to RDA which is responsible for a significant portion of the Core Road Network (CRN) which mainly comprises the Trunk, Main and District Roads. The lower order roads mainly the urban and primary feeder roads have been delegated to Local Road Authorities under the Ministry of Local Government and Rural Development (MLGRD) with a resource allocation of 25%.

Figure 5: Funding by Agency



5.3 MONITORING

5.3.1 IPC Processing

As part of the process of checks and balances, several IPCs were reviewed during the routine IPC processing resulting into savings due to various reasons such as; mathematical errors, unsubstantiated and overstated quantities, withheld payments due to observations made during inspections and failure to provide required documents as claimed for in the Bills of Quantity. The number of IPCs processed in 2024 decreased by 60% compared to 2023, from 2,829 to 1,133. The low volume of IPCs submitted and processed was largely due to the termination of stalled projects as a result of limited funding towards projects.

In terms of savings as a result of the effective processing of IPCs, the Agency, for the last 14 years, from 2011 to 2024, recorded cumulative savings of approximately ZMW620.25 million. The table below provides this illustration.

Table 4: Summary Savings from 2011-2024

SAVINGS - 2011 -2024			
Year	Amount Saved/With-held on Contracts (K)	Amount Saved/With-held on Force Accounts (K)	Amount Saved/With-held Total (K)
2011	16,345,948.94		16,345,948.94
2012	10,261,150.03	816,287.94	11,077,437.97
2013	19,401,643.00	3,934,072.23	23,335,715.23
2014	1,452,816.68	283,750.76	1,736,567.44
2015	7,986,037.74	41,817.71	8,027,855.45
2016	7,324,867.22	205,676.80	7,530,544.02
2017	8,275,910.21	567,734.09	8,843,644.30
2018	7,529,936.53	-	7,529,936.53
2019	28,831,805.05	729,850.59	29,561,655.64
2020	217,548,352.22	-	217,548,352.22
2021	117,552,337.59	-	117,552,337.59
2022	10,847,480.21	-	10,847,480.21
2023	21,591,463.42	-	21,591,463.42
2024	138,723,484.37	-	138,723,484.37
TOTAL	613,673,233.20	6,579,190.11	620,252,423.31

5.4 FIELD INSPECTIONS

This activity involved scheduled and random physical checks to monitor and verify quantities, quality, safety and general progress on the selected programmes, projects and related activities. This was done jointly with the implementing agencies and other related stakeholders. During inspections, mainly visual observations, measurements and in some cases, tests were conducted. Inspections allowed the Road Sector through NRFA to pick-out projects that may need further investigations through detailed technical audits.

During the period under review, a total of 120 projects, were inspected across various provinces, with the highest number recorded in Eastern Province (27), followed by Copper Belt and Northern Provinces (16 each). The areas of concern were design, contract management, funding and quality control.



Field inspections: Luangwa Bailey Bridge Eastern Province

5.5 EVALUATION

5.5.1 Technical Audits

The evaluation component mainly involves technical audits (in house and outsourced), desktop evaluations, HIV/AIDs monitoring and assessments and analysis of contracts allocation for local and foreign contractors in the road sector.

5.5.2 In House and Outsourced Technical Audits

No activities were done for In-house technical audits during the period under review as planned. This was due to challenges in stakeholder collaboration. Regarding Outsourced Technical Audits this was not done due to budgetary constraints.

5.5.3 Technical Assistance

During the period under review, the Agency was able to provide technical assistance to RDA and MLGRD in specific areas that Road Sector Progress Reports.

5.5.4 HIV/AIDs Activities Assessment and Desktop Evaluation

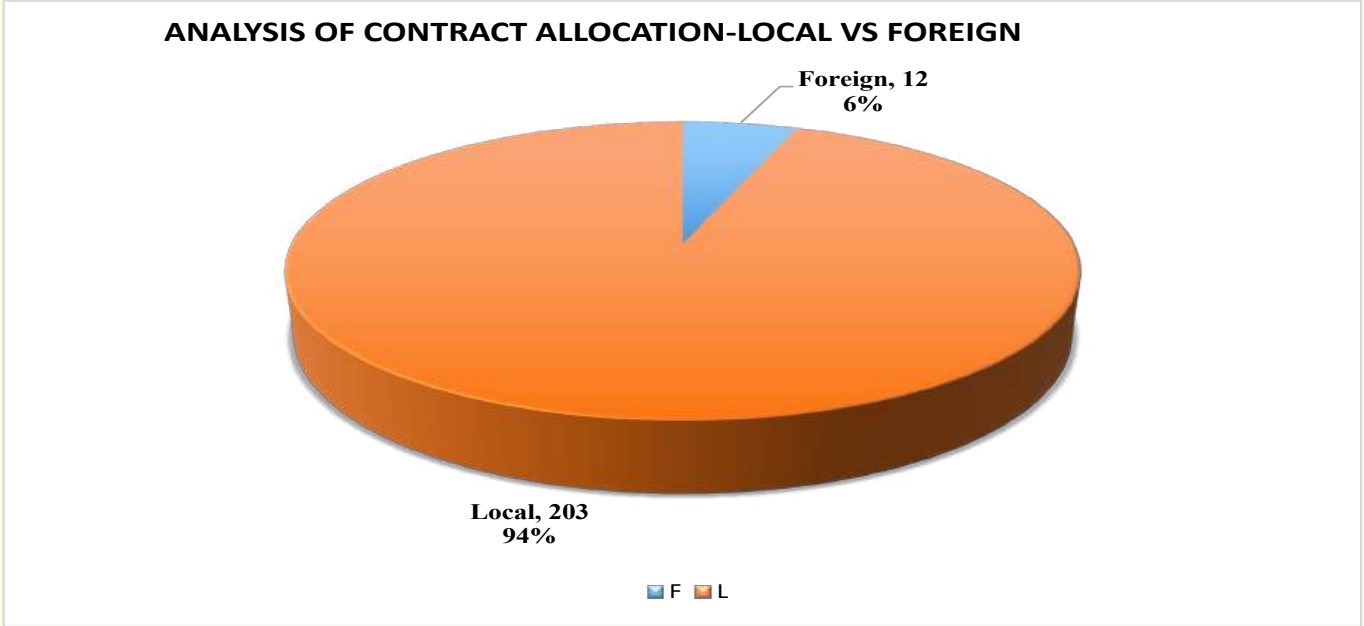
Cross-cutting issues such as HIV/AIDs activities are mainstreamed in road contracts. The Agency thus takes these issues seriously in terms of monitoring such activities in all major contracts and projects. During the period under review, the Agency carried out HIV/AIDs activities on road projects in Central, Muchinga, Luapula, and Northern Provinces with the view to assessing compliance with HIV/AIDs activities on signed contracts under the improved Road connectivity project (IRCP).

5.5.5 Analysis of Contract Allocation Local and Foreign

This section provides an analysis of the distribution of contracts between the Local, Chinese, and other Foreign Contractors under the Road Sector undertaken in 2024. The objective of the analysis is to indicate how the local construction industry is being supported and performing under the Road Sector. The analysis indicates the number of contracts, the value of contracts, and the various interventions undertaken by each category.

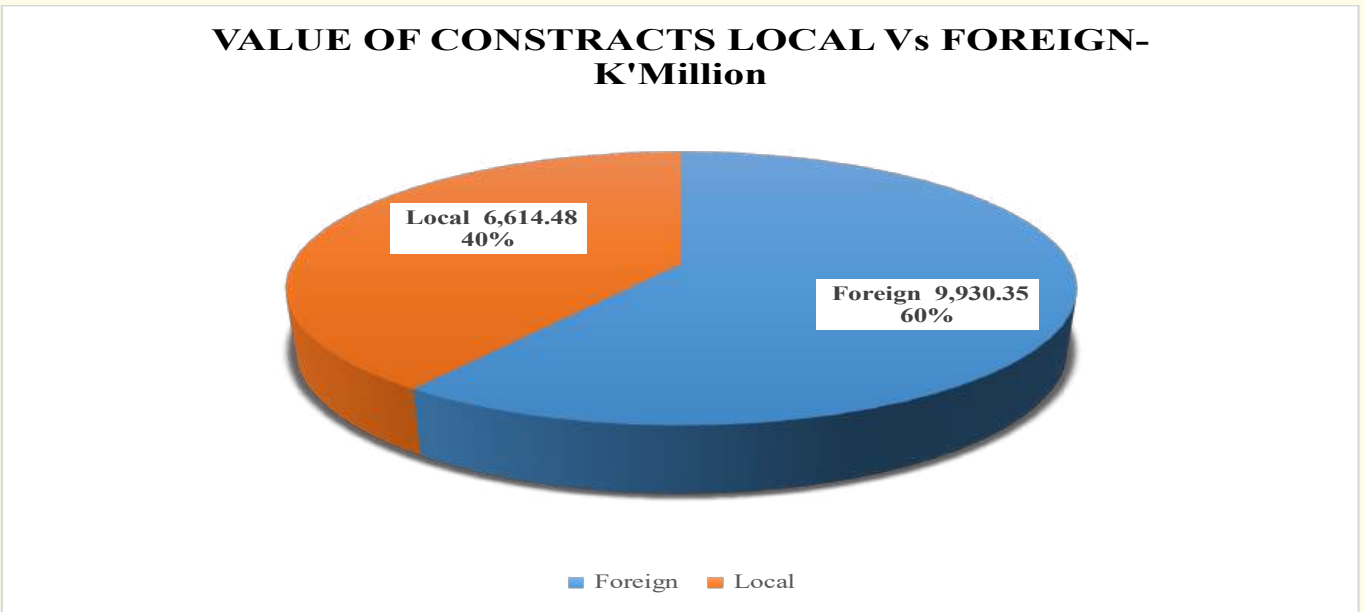
For the period under review, a total of 216 contracts were on-going under the Local Funded Budget Line, out of which 203 contracts were being executed by local contractors, representing 94%, while 12 contracts, representing 6%, were being executed by Chinese contractors, respectively, as shown in the Figure below. The number of ongoing contracts decreased from 255 in 2023 to 215 in 2024, resulting from the non-renewal of expired contracts under RDA and the termination of selected contracts under MLGRD.

Figure 6: Contractors & Percentages



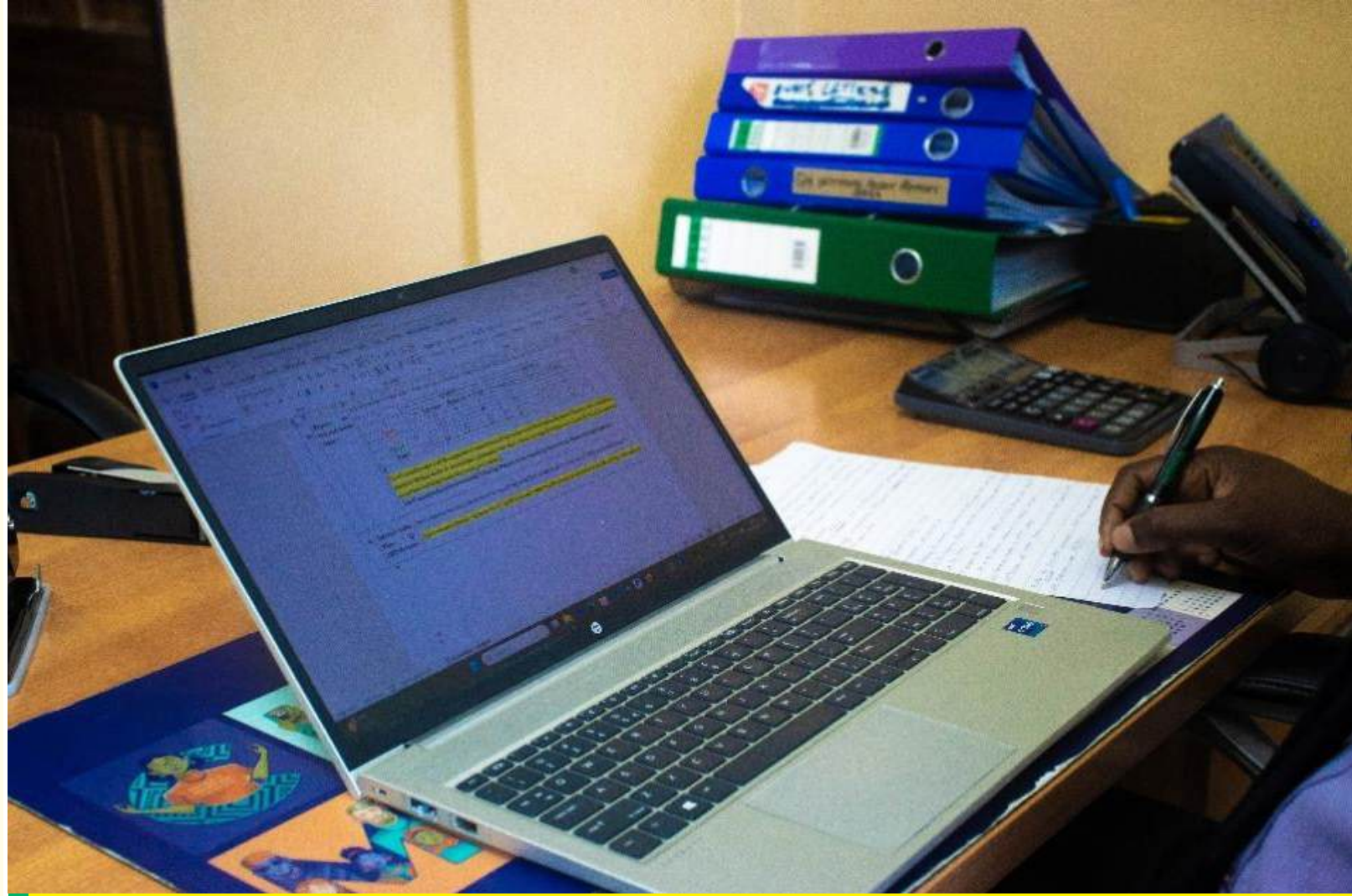
The number of ongoing contracts decreased from **255** in **2023** to **215** in **2024**, resulting from the non-renewal of expired contracts under RDA and the termination of selected contracts. The total financial commitment for **255 contracts** was **ZMW16.54 billion**, a significant decrease from **ZMW83.44 billion** in 2023. Of this, **ZMW6.61 billion** (40%) was allocated to **local contractors** for **203 contracts**, while **ZMW9.93 billion** (60%) went to **foreign contractors** for **12 contracts**.

Figure 7: Value of Contracts



5.5.7 Value for Money (VfM)

Ascertaining *value for money* on all projects being funded by Government through the National Road Fund Agency continues to be a primary focus in the road sector. In the year under review, much as has been the practice in previous years, several projects were subjected to a detailed evaluation in order to establish the extent to which the Government is obtaining **value for money**.



INTERNAL AUDIT

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6 INTERNAL AUDIT

6.1 INTRODUCTION

The Internal Audit Department plays a critical role in ensuring financial transparency, risk management, and compliance within the National Road Fund Agency (NRFA). Its mandate is derived from the Board-approved Audit Charter, which defines its authority, purpose, and responsibilities. Additionally, the department operates under Section 17 of the Public Finance Management Act No. 1 of 2018, which outlines its objectives, including:

- **Strengthening Internal Controls** – Ensuring robust risk management frameworks are in place and continuously optimized.
- **Compliance Assurance** – Providing reasonable assurance to the CEO and Board regarding adherence to financial and operational controls.
- **Governance & Risk Oversight** – Evaluating governance structures and identifying areas for enhancement.
- **Financial & Operational Integrity** – Reviewing financial authorizations, operational procedures, and regulatory adherence.
- **Efficiency & Cost Optimization** – Promoting effective control mechanisms while minimizing unnecessary expenditures.

6.2 AUDIT INDEPENDENCE & GOVERNANCE

To maintain independence and impartiality, the Internal Audit Department operates free from bias and external influence. The Director of Internal Audit and audit staff have unrestricted access to:

- NRFA financial and operational records.
- Employees and senior management.
- The Audit & Risk Management Committee of the Board.

The Internal Audit Department follows a dual-reporting model as follows:

- Administrative reporting to the CEO for operational support.
- Functional reporting to the Audit & Risk Management Committee for oversight and audit governance.

Quarterly, audit reports are presented to the Committee for approval and implementation tracking. Additionally, External Auditors provide independent assessments and share findings with the Committee.

6.3 AUDIT ACTIVITIES & PERFORMANCE

During the financial year, NRFA's Internal Audit Department undertook structured audits across key operational areas. The table below summarizes audit coverage:

Audit Type	Planned Audits	Actual Audits Completed	Completion Rate (%)
Toll Stations Audits	40	42	105%
HQ Operations Audits	21	21	100%

These audits achieved the following outcomes:

- Strengthened financial controls across toll stations, leading to improved revenue assurance.
- Enhanced compliance mechanisms, reducing policy implementation gaps.
- Identified risk vulnerabilities, prompting corrective action in financial oversight procedures.

6.4 CHALLENGES & RISK MITIGATION STRATEGIES

Despite successfully completing planned audits, the department encountered the following challenges:

- **Regulatory Compliance Evolution** – Adapting audit procedures to meet emerging regulatory requirements.
- **Resource Optimization** – Addressing gaps in personnel availability for specialized audits.

To mitigate these risks, NRFA implemented:

- **Automated audit tools** for real-time risk analysis.
- **Capacity-building programs** to strengthen financial oversight competencies.
- **Enhanced collaboration** with external auditors to validate findings.

6.5 STRATEGIC OUTLOOK & FUTURE ENHANCEMENTS

Looking ahead, the Internal Audit Department aims to:

- Implement data-driven auditing techniques to improve efficiency.
- Strengthen fraud detection mechanisms using predictive analytics.
- Expand risk-based audit methodologies for proactive governance.
- Develop early warning systems for financial anomalies and compliance deviations.



PUBLIC RELATIONS

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7 PUBLIC RELATIONS

7.1 ROLES AND MANDATES

The Public Relations Unit is the interface between the Agency and its various stakeholders. The Unit develops and implements a communication strategy to enhance the Agency's corporate image. During the period under review, Public Relations activities were informed by the Fourth Perspective in the Strategic Plan of Stakeholder Satisfaction and the First Objective of Exceeding Stakeholder Expectations by bolstering and communicating a healthy and positive brand outlook to win public confidence and support.

7.2 KEY ACTIVITIES UNDERTAKEN IN 2024

7.2.1 Launch of the E-Toll Card Payments on the MTN MoMo Platform

The Agency in partnership with MTN Zambia launched the E-Toll Card payments on the MTN/MoMo platform. The event was held at the Shimabala Toll Station. This partnership allows motorists to top up their E-Toll Cards using the MTN Mobile Money/MoMo



Acting NRFA Director/CEO Mr. Daniel Mtonga (l) and MTN Head of Marketing Mr. Abdul Sherif (r) distributing flyers to motorists

7.2.2 Participation at key Exhibitions, Trade Fairs and Commercial Shows

During the period under review, the Agency through the Public Relations Unit participated at three major events that included;

-The Zambia International Trade Fair - The 58th Zambia International Trade Fair was held from the 26th of June to the 3rd of July 2024. The Agency took part and exhibited at the Trade Fair. The Trade Fair was officially opened by the then Mozambican President, His Excellency President Jacinto Nyusi who was accompanied by His Host President Mr Hakainde Hichilema.

- The Zambia Agriculture and Commercial Show- The Agency participated at the 96th Lusaka Agriculture and Commercial Show which was held from the 31st of July to the 5th of August 2024. The show was held under the theme 'Creating a Competitive Future'. The event hosted about 900 plus local and international exhibitors and had business forums held on the sidelines. The Agency was able to use the platform to spread more awareness about the E-Toll Card and its newly introduced value loading options. The Agency got the third best award for the transport exhibition/ category.



Third Best Award for the Transport Exhibition/ Category



Client signing up for an E-Toll Card at ACSZ

- **14th Lusaka Motor Show Exhibition**- was held from the 6th to the 8th of September 2024, in Lusaka at which the Agency participated and marketed the E-Toll Card.



Minister of Sports, Youth and Arts Hon. Elvis Nkandu MP signing up for an E-Toll Card



Client signing up for an E-Toll Card at Lusaka Motor Expo

7.2.4 ZINARA Exchange Programme

During the period under review, the Agency facilitated the hosting of the Zimbabwe National Road Administration (ZINARA) who visited the Agency for an exchange program aimed at sharing experiences and understanding about the NRFA 's general operations and anti-corruption activities.



ZINARA delegation reviewing the tolling operations at Shimabala Toll Plaza and NRFA Control Centre

7.2.5 Stakeholder Management

-Accident at the George Kunda Toll Station- During the period under review, the Agency undertook stakeholder and publicity in the wake of the accident that happened at the George Kunda Toll Station in Mkushi when a truck crushed into the Toll Station leaving a Toll Collector with injuries and also causing extensive damage to the Toll Station.

-Stakeholder Engagement and Publicity during the PPP Transition- The Agency undertook media publicity through News releases and TV documentaries using different media platforms on the handover of the three Toll Stations namely Katuba, Manyumbi and Kafulafuta.

7.2.6 Joint Sensitization Campaign- During the period under review the Agency undertook joint campaigns with RTSA in Southern Province aimed at sensitizing motorists on E-Toll Cards, Toll Abscondment and Importance of wearing Seat Belts.

7.2.7 Groundbreaking Ceremony for the Lusaka- Ndola Dual Carriage Way- The Agency participated at the Ground Breaking Ceremony of the Lusaka Ndola Dual Carriage Way and Toll Facility visitation. The ceremony was held in Kapiri Mposhi and was graced by the President His Excellency Mr Hakainde Hichilema.

7.2.8 Facebook Page, Website and Help Desk

The NRFA Facebook page had 101,323-page followers in the fourth quarter of 2024. During the 4th quarter 2024, the Agency Website recorded an average monthly user count of 45,430 against 5,325 recorded in the third quarter of 2024. The Agency Helpdesk had over 125 walk in clients with 107 phone calls.

7.2.9 Media Coverage- During the period under review, the Agency activities appeared 82 times in the media. This includes both electronic and print media and social media.



PROCUREMENT

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8 PROCUREMENT

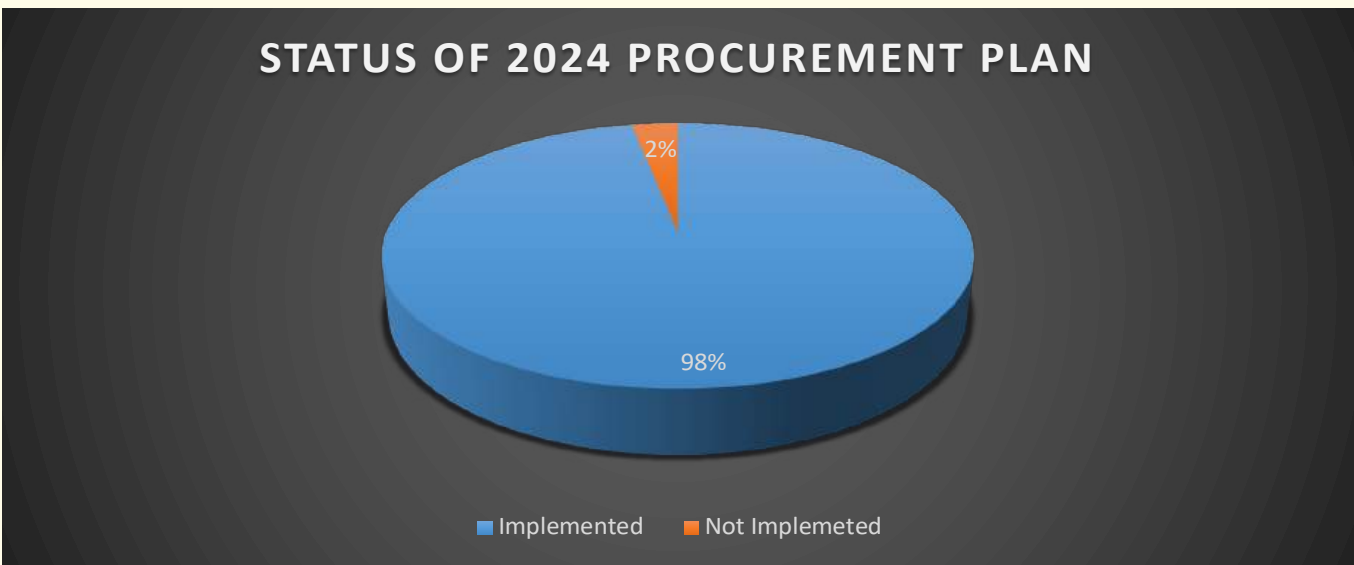
8.1 ROLES AND MANDATES

The Procurement Unit of the Agency draws its mandate and guided by the provisions of the Public Procurement Act No. 8 of 2020, circulars issued by the Zambia Public Procurement Authority (ZPPA) and the Public Procurement Regulations of 2022. In addition, when prescribed, the Agency through the Procurement Unit also complies with Procurement guidelines of Cooperating Partners such as the World Bank (WB) and the African Development Bank (AfDB).

8.2 PROCUREMENTS MADE DURING THE YEAR

During the period under review, One Hundred and Fourteen (114) procurements were planned of which implementation was at 98%, as One Hundred and Twelve (112) consolidated procurements were actually undertaken. Figure below shows how the Agency's Procurement Plan for 2024 was Implemented during the period under review;

Figure 8: Agency's Procurement Plan for 2024



8.3 VALUE FOR MONEY

Procurement cost is a Key Performance Indicator (KPI) that is vital to supply chain management. This provides a clear way to measure the performance of the entire procurement process, and since it is a KPI based on cost metrics, it directly impacts the bottom line of achievement of organizational objectives.

During the year 2024, the estimated value of procurement requirements was **ZMW18,461,759.91**. The actual value of Procurements was **ZMW16,934,643.00** with a cost saving realization of **ZMW1,562,833.00**



Zambia @60 Independence commemorations

CORPORATE SERVICES

9 CORPORATE SERVICES

9.1 ROLES AND MANDATE

The Corporate Services Department exists to render comprehensive Human Resource and Administration functions in order to enhance service delivery and the welfare of all National Road Fund Agency employees. The department endeavors to help the Agency capture the full value in all its operations through provision of these cross functional areas of Human Resource Management, General Administration, Information Communication and Technology (ICT), facilitating for Board Affairs, Integrity Committee programs, and the African Road Maintenance Funds Association (ARMFA).

9.2 HUMAN RESOURCES MANAGEMENT

The Department facilitated a conducive working environment and there was no recorded industrial unrest during the period under review.

9.2.1 Staff Compliment

During the period under review, the staff compliment was Six Hundred and Twenty (**620**) employees compared to a staff compliment of Seven Hundred and Thirty-Seven (737) in 2023. The staff compliment is against an approved establishment of Seven Hundred and Thirty-Nine (**739**) leaving a variance of One Hundred and Nineteen (119) positions. The decrease in the staffing numbers was attributed to staff separations under the Public Private Partnership (PPP) Program. The table below shows the compliment for the Agency as at year end 2024.

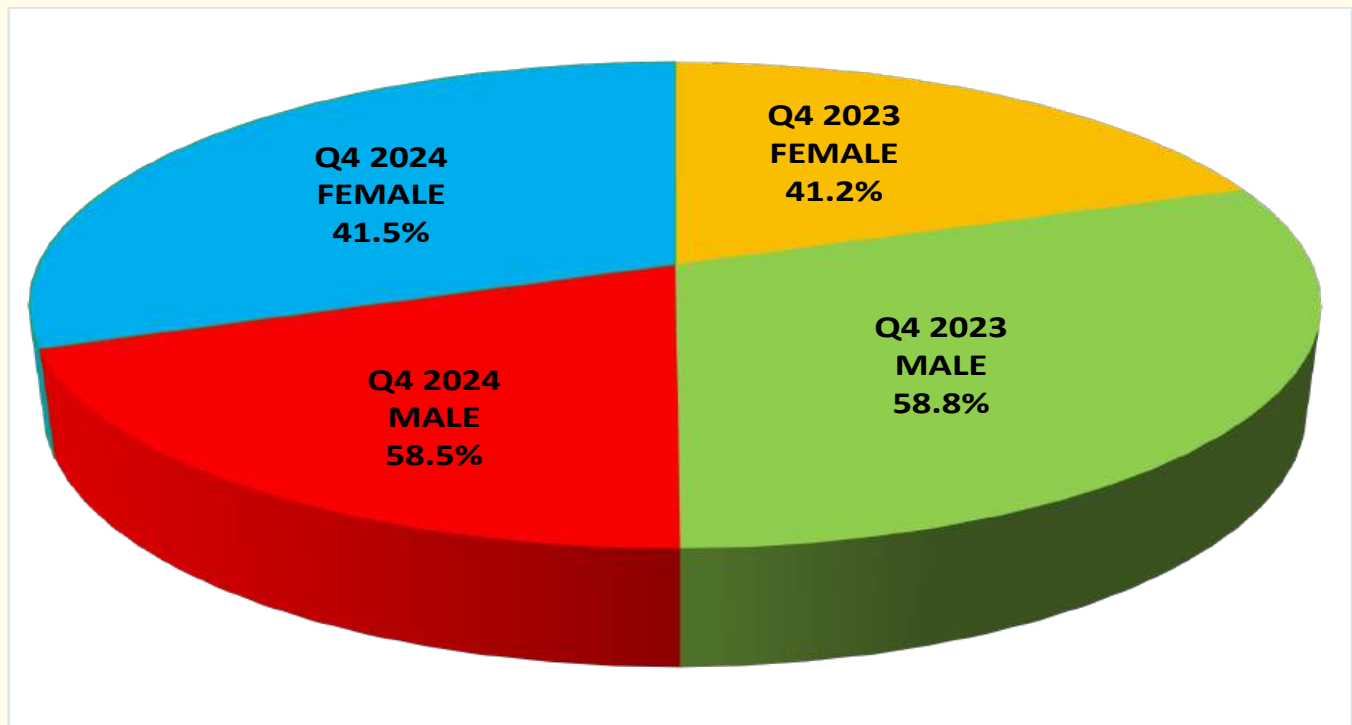
Table 5: Staff Compliment as at 31st December 2024

DEPARTMENT	2023 Staff Compliment			2024 Staff Compliment			Approved Staff Establishment	
	4 th Quarter			4 th Quarter			No. of Positions	Variance
	Female	Male	Total	Female	Male	Total		
Director/CEO	4	5	9	3	6	9	10	1
Corporate Services	34	84	118	34	82	116	118	2
Fund Management	17	20	37	17	18	35	37	2
Internal Audit	0	7	7	0	7	7	7	0
Monitoring & Evaluation	5	5	10	5	5	10	11	1
Road Tolling	244	312	556	198	245	443	556	113
Total compliment	304	433	737	257	363	620	739	119
Percentage ratio	41.2%	58.8%	99.7%	41.5%	58.5%	83.9%	100.0%	16.1%

9.2.1.1 Staff Compliment by Gender

Out of the total staff compliment of Six Hundred and Twenty, (620), Two Hundred and Fifty Seven are Female employees representing 41.5% while Three Hundred and Sixty Three (363) are Male employees at 58.5%. Figure below shows the staff compliment by gender as at year end 2024.

Figure 9: Staff Compliment by Gender



9.2.2 Staff Recruitment

During the period under review, four (4) staff members were recruited as shown in the table below

Table 6: Annual Staff Recruitment

No	Position	Mode of engagement	Department / Station	2023 Annual	Q1 2024	Q2 2024	Q3 2024	Q4 2024	2024 Annual
1	Toll Collectors	External recruitment	Road Tolling	18	2	0	0	0	2
2	Highway Engineer	External recruitment	Monitoring and Evaluation	0	0	1	0	0	1
3	Road Tolling Operations Officer	Internal recruitment	Road Tolling	0	0	1	0	0	1
Total				18	2	2	0	0	4

9.2.3 Staff Turnover

During the period under review, One Hundred and Twenty-Eight (128) separations were recorded with the majority being attributed to the implementation of the Public Private Partnership program on the Lusaka to Ndola Road.

9.2.4 Industrial Relations

The Industrial Relations atmosphere during the period under review was calm and no industrial unrest was recorded.

9.2.5 Workplace Social Support Activities

In its continued commitment to promoting employee engagement and healthy living, the Agency facilitated regular physical exercise and team-building activities, including aerobics and football tournaments. Additionally, the department supported employees’ participation in the 10th Sports Festival organized by the Zambia Union of Financial Institutions and Allied Workers (ZUFIAW), held under the theme “*Championing a Collaborative and Healthy Working Environment in the Delivery of Financial Services for Economic Growth.*” The National Road Fund Agency (NRFA) proudly won four (4) trophies across various sports disciplines.

9.2.6 Integrity Committee (IC) Activities

In 2024, the NRFA Integrity Committee (IC) made significant strides in enhancing integrity, transparency, and ethical practices across the Agency. Through regular meetings and active participation in both national and international engagements, the IC demonstrated its unwavering commitment to promoting anti-corruption efforts in collaboration with key stakeholders such as the Anti-Corruption Commission (ACC), Financial Intelligence Centre, Transparency International, and others. Key activities and achievements during the year 2024 include;;

- **Participation in the Launch of the ACC Online Whistleblower System** On 4th April 2024, the IC attended the launch of the ACC Online Whistleblower Anonymous System. To promote awareness and facilitate reporting, posters were distributed across various Toll Stations and prominently displayed at the NRFA Head Office reception.
- **Representation at the Launch of the National Policy on Anti-Corruption** The Agency was represented at the official launch of the National Policy on Anti-Corruption, officiated by His Excellency President Hakainde Hichilema, on 17th May 2024 at the Mulungushi International Conference Centre.
- **Corporate Governance and Ethics Training** On 27th June 2024, the IC participated in the Corporate Governance and Ethics Training Program for Road Sector Integrity Committees. The training, facilitated by the ACC, Financial Intelligence Centre, Transparency International, and the Zambia Revenue Authority Integrity Committee, provided valuable insights into best practices for ethical leadership and governance in the road sector.
- **In-House Capacity Building Workshop** The Agency conducted an in-house training workshop for NRFA staff and Zambia Police officers stationed at Lui, Nalumino Mundia, and Tapo Toll Stations in Western Province.
- **International Benchmarking and Exchange Programs** The IC undertook a benchmarking visit to Rwanda and engaged in an exchange program with the Zimbabwe National Road Administration Integrity Committee (ZINARA). These international engagements provided valuable exposure to global best practices in promoting integrity and institutional accountability.

The NRFA Integrity Committee remains committed to integrating lessons learned into the Agency's operational framework. Building on the progress of 2024, the Committee aims to further strengthen its integrity initiatives in 2025 and beyond.



IC group photo after an in-house training workshop for NRFA staff and Zambia Police officers stationed at Lui, Nalumino Mundia, and Tapo Toll Stations in Western Province

9.3.4 Legal Matters

9.3.4.1 Review of the NRFA Act No12 of 2002

The National Road Fund Draft Bill was submitted to the Ministry of Finance and National Planning for further pre-enactment processes. The process of consideration of the Draft Bill was still on going as at December 2024.

9.4 BOARD AFFAIRS

The Corporate Services Department coordinated and facilitated the holding of Board and Committee meetings. The Board continued to provide leadership and policy direction to the Agency's management and it is collectively responsible and accountable to the stakeholders for the long term success of the Agency and ensures that it is appropriately managed.

The NRFA Board is constituted into Four (04) specialized Committees as follows:

- i. Finance Committee
- ii. Audit and Risk Management Committee
- iii. Administration Committee, and
- iv. Technical Committee

The National Road Fund Act No 13 of 2002 requires that the Board meets at least once every three (3) months to conduct NRFA Business. The Chairperson of the Board may call for Special Board Meetings when need arises. During the period under review, the Board held the number of meetings as shown below;

Table 7: Meetings Held for the Year 2024

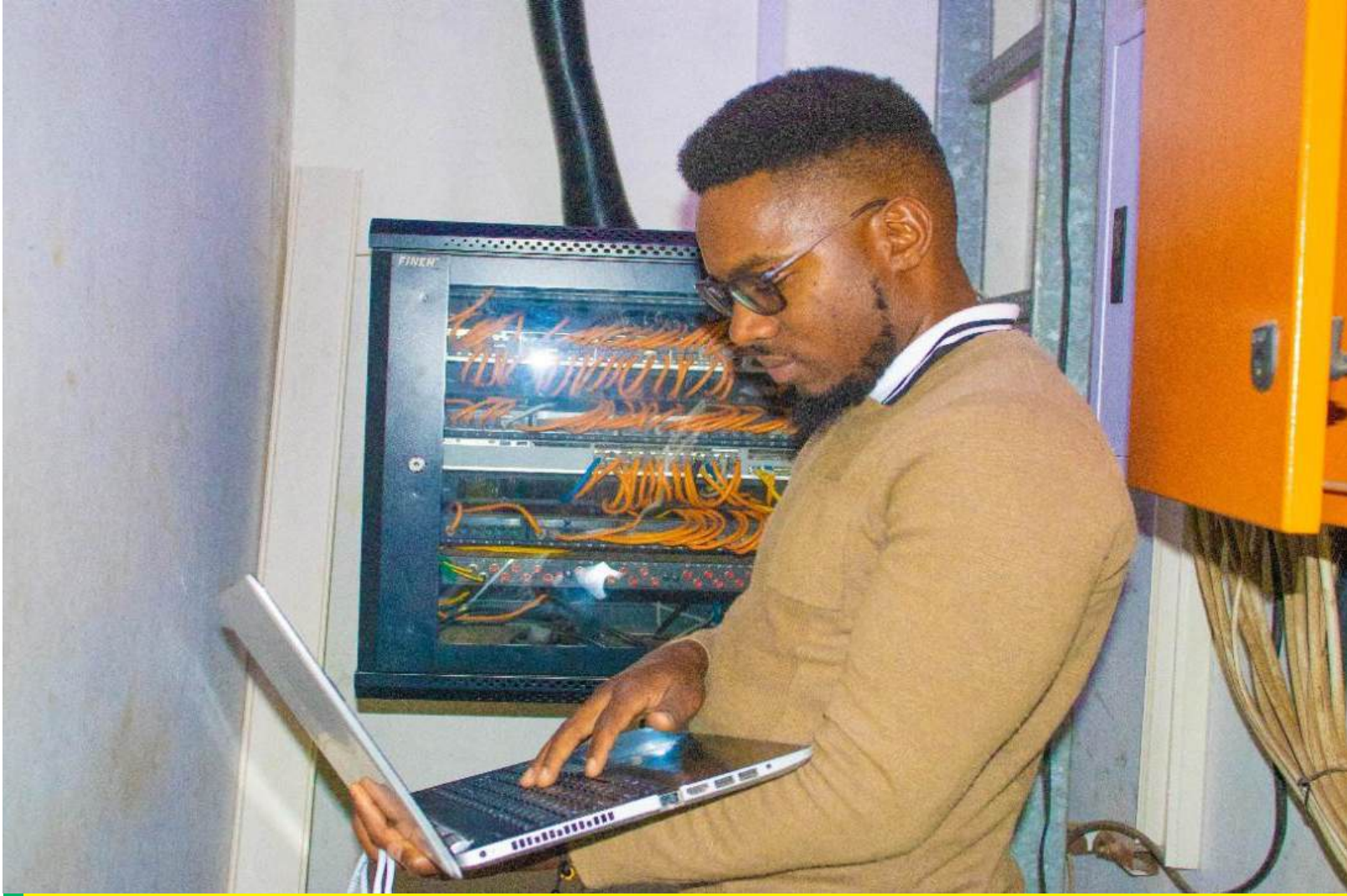
No	Board /Committee	No. of Scheduled Meetings	Extra - Ordinary Meetings	Total
1	Board	4	0	2
2	Administration & Legal	4	0	4
3	Finance	4	1	2
4	Audit and Risk Management	4	0	2
5	Technical	4	0	3
Total		20	1	13

9.5 AFRICAN ROAD MAINTENANCE FUNDS ASSOCIATION (ARMFA)

Zambia through the National Road Fund Agency is a member of the African Road Maintenance Funds Association (ARMFA). To ensure effective implementation of programs and activities at Sub Saharan Level, the association is split into sub regional groupings called Focal Groups. Zambia in this case is a member of the Sub Regional Group called ARMFA Southern Africa Focal Group (ASAFG).

During the period under review the Agency participated in (one)1 ASAFG meeting held in Blantyre Malawi on the 25th of March 2024 under the theme **The Impact of the Legal Frameworks and Climate Change on the Sustainability of Road Funds.**

Additionally, the NRFA participated at the 21st ARMFA General Meeting held from the 13th to the 16th of May 2024 in Abidjan Ivory Coast. The theme of the meeting was Towards **Sustainable Financing of Road Funds for Better Maintenance of the African Road Network**



INFORMATION COMMUNICATION TECHNOLOGY (ICT)

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10 INFORMATION COMMUNICATION TECHNOLOGY (ICT)

INTRODUCTION

The ICT Unit's operations are premised on the Strategic Objectives of the Agency, the COBIT Governance Framework, NRFA ICT Policy documents, as well as the government guidelines as stipulated in the various laws governing the administration of ICT systems in Zambia. This report discusses the activities which were undertaken by ICT during the period under review.

10.1 KEY ACTIVITIES UNDERTAKEN IN 2024

Among the key activities which ICT performed during the period under review are the following:

10.1.2 Streamlined the Tolling Systems

In line with our Strategic Objective of Enhancing Operational Processes, and arising from the situation where the Agency was operating multiple systems in tolling activities, which systems were supplied by different vendors, the Agency through ICT streamlined the tolling systems, in which process some systems were decommissioned, while one suitable system was adopted and enhanced. The system now stands ready to support the onboarding of various payment channels in our bid to reduced cash handling in our operations.



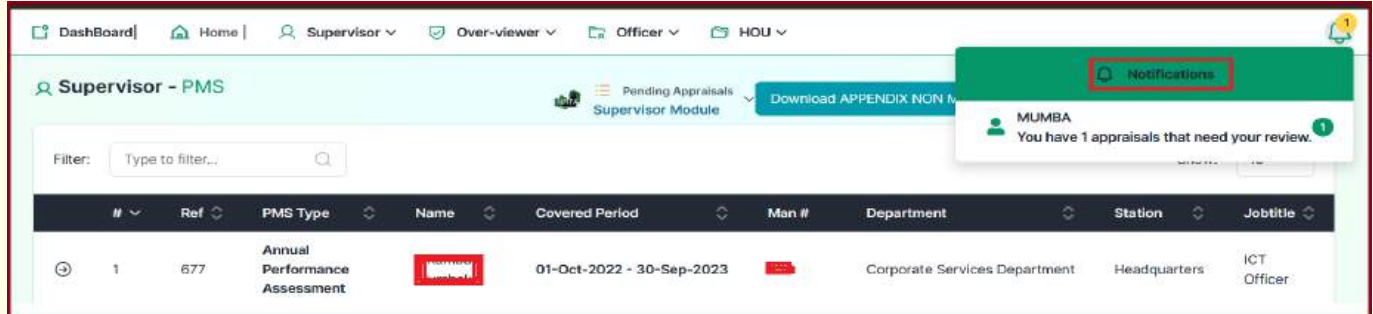
Staff at Daniel Munkombwe Toll Plaza after a Successful deployment of new Tolling System

10.1.3 Integration of Systems with RTSA System

The Agency integrated its tolling system with the vehicle management systems at the Road Transport and Safety Agency (RTSA), a move which was aimed at enhancing the process of vehicle classification in the tolling operations. This is expected to reduce the challenges of inconsistencies in the computation of toll tariffs at the toll gates as the tolling system will be able to fetch the vehicles details from the RTSA system.

10.1.4 Launch of the NRFA Performance Management System

ICT continued to support the Agency in automation of internal process to enhance efficiency. During the period under review, ICT developed and launched the Performance Management System (PMS), which is now in full production and users are able to process performance appraisals in their respective functions through the online system. Through this initiative, the Agency has also managed to reduce the operational costs which are associated with consumption of paper.



A Screenshot of the interface in the Performance Management System (PMS)

10.1.5 Network Restructuring

In order to improve the quality of data transmission on our network and also enhance cyber security on our network platform, ICT during the period under review restructured the network at Head Office and the Toll Stations. The undertaking was also meant to support other planned enhancements on the ICT infrastructure.

10.1.6 Enhanced Redundancy on Critical Systems

Resilience of ICT systems is key in ensuring continuity in events of unforeseen disturbances on ICT systems. Based on this requirement, ICT during the period under review enhanced redundancy and high availability on critical systems, in line with the requirements of the NRFA Disaster Recovery and Business Continuity policies.

10.1.7 Deployment of the Voice Over Internet Protocol (VoIP) and Call Centre System

The Agency, in line with the strategic objective of enhancing operational processes procured a modern Call Centre system, with a Voice over Internet Protocol (VoIP) technology. During the period under review, ICT successfully implemented Call Centre and the VoIP systems. The VOIP system has facilitated seamless communication across the organization including toll stations using the NRFA Local and Wide Area Networks, while the NRFA Call Centre is also reachable to the public on Short Code 700 on Airtel, MTN and Zamtel networks.



A Dashboard for the NRFA Call Management System



NRFA Call Centre staff interacting with the callers on the newly installed Call Centre System

10.1.8 Support and Maintenance Contracts with Various Vendors

To ensure smooth operations on the various systems which the institution has been operating, the Agency established Support and Maintenance contracts with respective vendors. The contracts in place, the Agency is assured of organized technical support from the vendors. ‘

10.1.9 Migration to New Kateshi Toll Station

Following the upgrading of the toll facility at Kateshi in Kasama, which undertaking was aimed at providing a more conducive working environment for the toll operators, during the Third (3rd) Quarter of 2024, supported the Agency by deploying all the necessary systems at the new building. The new toll station is now fully operational with the newly installed ICT systems.



ICT personnel installing systems at the new site at Kateshi

10.1.10 Notable Challenges Experienced

The notable challenges that ICT experienced during the period under review include the following:

10.1.10.1 Damage to ICT Infrastructure at George Kunda Toll Plaza in Mkushi

The ICT infrastructure at George Kunda Toll Plaza in Mkushi District was completely destroyed by a speeding truck whose driver had lost control of the vehicle. The incident affected the operations at the Plaza, which were suspended for a few weeks. ICT had to reinstall all the necessary systems to restore the operations.

11 RISK MANAGEMENT

The Agency has implemented a risk management approach with boundaries aligned to the set strategy, values, policies, and Board directives. The Agency's assessment and set mitigations are clearly defined and guided by best industry practice that is anchored on provisions of ISO 31000. Our approach is further guided by the type of risk that the Agency faces which are broadly categorised into four. These include Strategic, operational, Financial and compliance risks.

During the period under review, the Agency through the Risk Management and Compliance unit carried out various activities that included control reviews and risk identification. Monitoring of the effectiveness of the controls in place was also undertaken.

An analysis of challenges in the implementation of enhanced controls to mitigate against various risks identified by both the Risk Management and Compliance Unit and the Internal Audit Department was undertaken in conjunction with various Agency departments and units.

12 OUTLOOK FOR 2025

The Agency will continue to operate within its mandate of Resource Mobilization, Fiduciary Management of the Resources, ensuring and promoting Value for Money.

To ensure a focused approach, management formulated the 2022-2026 Strategic Plan and Implementation Plan. The Agency is also aligned its strategy to the UPND Manifesto and key Presidential and Ministerial/ Ministry of Finance pronouncements with regards to the New Dawn Government 's Development Agenda at Sector Level

Key focus areas for management include the following:

- i. **Debt Management:** This is critical for sustainability in the road sector. This will comprise arresting the escalation of the current debt.
- ii. **Effective Performance Review of the Road Sector Annual Budget** - The Agency aims to continue to work with implementing Agencies, in the regular review of the Budget Performance in order to ensure effectiveness of roads financing.
- iii. **Resource mobilization, allocation, and cost effectiveness:** This would involve, pursuing non tradition financing mechanisms while leveraging on assured revenues streams such as tolling. This also requires strategic and objective allocation of funds to ensure maximum returns and value for money. Considering that resource mobilization is not the end, there will be need to ensure reduction in the cost of construction and operations.
- iv. **Public Private Partnerships-** The Agency intends to pursue Public Private Partnerships (PPP) in conjunction with the Road Development Agency as a critical funding mechanism on selected road projects that are economically viable. Additionally, the Agency shall focus on revenue assurance from the concessioned roads.
- v. **System Enhancements:** Full Automation and integration of the Road Tolls Operating System and the accounting operating systems is a key target in 2025.
- vi. **Partnerships:** To ensure growth, it is imperative that the agency pursue stronger partnerships with other relevant agencies both public and private sector.
- vii. **Effective Stakeholder Management and Engagement:** The Agency shall continue to engage and manage the various key stakeholders constructively and effectively.
- viii. **Implementation of the NRFA 2022-2026 Strategic Plan-** The Agency shall ensure that the new 5-year Strategic Plan is Implemented, monitored and evaluated on a quarterly basis.
- ix. **NRFA Draft Bill-** Ensure that the Draft NRFA Bill is enacted before year end 2025

13 CONCLUSION

During the period under review, there were some improvements recorded particularly with respect to implementation of the Road Tolling program that includes enhanced revenue streams, e-tolling, reduction in audit queries, operating within the approved annual work plan and the timely processing of IPCs.

Management appreciates the guidance and policy direction from the Board of Directors through the Committee Meetings, Board Meetings, and regular consultations with Board members. Management also received unwavering support from the Ministry of Finance as the mother ministry and Government in general through lines Ministries, Housing, Infrastructure and Urban Development, Transport and Logistics and Local Government and Rural Development. Management also continued to work closely with the other key sector agencies; RDA, RTSA and NCC.

Active Stakeholder Management will be key for sustainable operations of the Agency. This will entail frequent engagements with stakeholders in the sector with a view to ensuring a common focus and strategy.

It is also important for the Agency to keep turnaround strategies simple, pragmatic, and reasonable and become aggressive in execution of assignments especially in view of the New Dawn Government's strategy of economic stability and sustained growth of the economy.

The Government's resource envelope might not be able to help effectively sustain operations in the road sector especially in view of the need to service external debt obligations and in view of the need to address other critical needs. This therefore calls for innovative thinking in a way that will allow the Agency to manage the challenges but at the same time embark on activities that will help grow the Fund.

Looking ahead, Agency has repositioned itself from a narrow road sector viewpoint to a national economic viewpoint taking account its critical position and contribution to the national economy even as it strives to attain its dream of becoming a **Sustainable Road Fund**.



NATIONAL ROAD FUND AGENCY

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024



**NATIONAL ROAD FUND AGENCY
NATIONAL ROAD FUND
Consolidated Financial Statements
For the Year Ended 31 December 2024**

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**NATIONAL ROAD FUND AGENCY
NATIONAL ROAD FUND
Consolidated Financial Statements
For the Year Ended 31 December 2024**

KEY INFORMATION

1. Background information

The National Road Fund Agency was established by the National Road Fund Act No. 13 of 2002. According to Part II of the National Road Fund Act, the key functions of the Agency are, among others:

- a) Administer and manage the Road Fund;
- b) Prepare and publish audited annual accounts of the Road Fund;
- c) Recommend to the Minister Fuel Levy and other road user charges and tariffs as required;
- d) Recommend to the Minister projects for funding;
- e) Allocate resources –
 - 1. For the construction, maintenance and rehabilitation of roads based on a percentage of annual work programme of the Road Development Agency;
 - 2. For road transport, traffic and safety management based on a percentage of the annual work programme of the Road Transport and Safety Agency;
- f) In consultation with Road Development Agency, recommend funding for development of new roads; and
- g) undertake such other activities as are conducive or incidental to its functions under this Act.

Section 16 (1) of the NRFA Act No. 13 of 2002, with Amendment of 2006, states that there shall be established the National Road Fund.

Section 16 (2) of the NRFA Act No. 13 of 2002, with Amendment of 2006, states that the Road Fund shall consist of:

- a) such moneys as may be appropriated by Parliament for the purposes of the Road Fund;
- b) all fuel levy collected, less the cost of collection which shall not exceed three per cent, in every fiscal year";
- c) such percentage of licence fees, registration fees and international transit fees payable to the Road Transport and Safety Agency under the Road Traffic Act, as the Minister may determine;
- d) such percentage of the weigh bridge charges payable to the Road Development Agency under the Public Roads Act, 2002, as the Minister may, by statutory instrument, determine;
- e) all moneys paid as fines for vehicle overloading offences under the Public Roads Act, 2002;
- f) such percentage of road user levies including tariffs, taxes and tolls as may be determined by the Minister on the recommendation of the agency in consultation with Road Development Agency; and
- g) such monies as may be paid to the Road Fund by way of loans, grants or donations.

Section 17 of the NRFA Act No. 13 of 2002, with Amendment of 2006, states that the Agency shall apply the moneys of the Road Fund—

- a) in the construction, maintenance, and care of public roads;
- b) in road transport, traffic, and safety management; and
- c) for the operations of the Agency, the Road Development Agency and the Road Transport and Safety Agency:

Provided that the moneys paid out of the Road Fund for the operations of the three Agencies shall not exceed ten percent of the moneys paid into the Road Fund under paragraphs (a) to (f) of subsection (2) of **Section 16 of the NRFA Act No. 13 of 2002 (as amended in 2006)**.

2. Principal Activities

The NRFA is a statutory organisation whose function is to plan, manage and coordinate finances for the activities in the annual work plans of the Government Agencies/Institutions in the Road sector.

NATIONAL ROAD FUND AGENCY
NATIONAL ROAD FUND
Consolidated Financial Statements
For the Year Ended 31 December 2024

3. Directors

- a) The new Board of Directors was appointed on 28th March 2023 as follows:
- | | |
|-------------------------------------|--|
| i) Mr. Noel Nkoma | Chairperson – Appointed on 2 April 2024 |
| ii) Ms. Avet Mulonga | Chairperson – Resigned on 26 January 2024 |
| iii) Mr. Joseph Malisawa | Vice Chairperson |
| iv) Mr. Robert M. Malasha | Director |
| v) Ms. Agalasia Mary-Ann Chisenga | Director - Resigned in December 2024 |
| vi) Dr. Edna Kalaba | Director |
| vii) Mr. Vincent Linyama | Director |
| viii) Ms. Jacqueline Cornhill Jhala | Director |
| ix) Mr. Ismail Mulla | Director |
| x) Ms. Nsandi Manza | Director - Resigned on 18 March 2024 |
| xi) Mr. Hector Sampa | Director - Appointed on 18 March 2024 |
| xii) Mr. Stephen Mbewe | Director |
| xiii) Ms. Wendy Mukape | Director |
| xiv) Mr. Francis Mundanya | Director |
| xv) Eng. Amon Mweemba | Ex-Officio |
| xvi) Eng. Grace Mutembo | Ex-Officio - Separated on 3 September 2024 |
| xvii) Eng. Jairos Mhango | Ex-Officio - Appointed on 3 September 2024 |
| xviii) Eng. Wallece Mumba | Director /CEO – Separated on 31 January 2024 |
| xviii) Mr Daniel Mtonga | Acting Director/CEO-Appointed on 31 January 2024 |

4. Results

	Year Ended 31 December 2024 ZMW	Year Ended 31 December 2023 ZMW
Revenue	<u>8,171,609,829</u>	<u>5,603,414,064</u>
Surplus / (Deficit) for the year	<u>797,160,531</u>	<u>(850,919,840)</u>

The Surplus for the year was transferred to the Accumulated Reserves.

5. Agency Bankers

Access Bank (Z) Ltd
 Corner of Church Road and
 Nasser Road
 P.O Box 35273
 Lusaka
 Zambia

Bank of Zambia
 Bank Square
 Cairo Road
 LUSAKA

Citibank Zambia Limited
 Stand 4646 Corner of Chikwa and Nasser Road
 Addis Ababa Roundabout
 P.O. Box 30037
 Lusaka

**NATIONAL ROAD FUND AGENCY
NATIONAL ROAD FUND
Consolidated Financial Statements
For the Year Ended 31 December 2024**

5. Agency Bankers

Indo Zambia Bank Limited
Plot No.6907 Cairo Road
P.O Box 35411
LUSAKA

National Savings and Credit Bank - NATSAVE
Head Office, Savers House
Plot No.248 B, Cairo Road,
P.O Box 30067,
LUSAKA

Stanbic Bank Zambia
Plot 2375
Addis Ababa Drive
P O Box 31955
Lusaka

Zambia National Commercial Bank PLC
Lusaka Business Centre
LUSAKA

6. Independent Auditors

BDO Zambia Audit Services
The Gallery Office Park
Lagos Road, Rhodes Park
P O Box 35139
LUSAKA

7. Agency Headquarters

P.O. Box 50695
Plot No 33 Fairley
Road, Ridgeway
Lusaka
Zambia

8. Agency Contacts

Telephone: +260 211 253145/255660/250823
E-mail: nrfa@zamnet.zm or roadfund@nrfa.org.zm
Website: <http://www.nrfa.org.zm>

**NATIONAL ROAD FUND AGENCY
NATIONAL ROAD FUND
Consolidated Financial Statements
For the Year Ended 31 December 2024**

Statement of the Directors' Responsibilities

The Law requires the Directors to prepare Consolidated Financial Statements for each financial year that give a true and fair view of the state of affairs of the National Road Fund as at the end of the financial year and of its Consolidated Statement of Financial Position. It also requires the Directors to ensure that the Fund keeps proper accounting records that disclose, with reasonable accuracy, the Consolidated Financial Position of the Fund. The Directors are also responsible for safeguarding the assets of the Fund.

The Consolidated Financial Statements are prepared in accordance with the Accruals Basis International Public Sector Accounting Standards (IPSAS) and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The Directors acknowledge that they are ultimately responsible for the system of internal financial controls established by the Fund and place considerable importance on maintaining a strong control environment. To enable the Directors to meet these responsibilities, the Directors set standards for internal controls aimed at reducing the risk of error or loss in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures, and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Fund and all employees are required to maintain the highest ethical standards in ensuring the Fund's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Fund is on identifying, assessing, managing, and monitoring all known forms of risk across the Fund. While operating risk cannot be fully eliminated, the project endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems, and ethical behaviour are applied and managed within predetermined procedures and constraints.

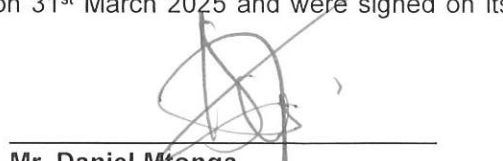
The Directors are of the opinion, based on the information and explanations given by management, that the system of internal controls provides reasonable assurance that the financial records may be relied on for the preparation of the Consolidated Financial Statements. However, any system of internal financial controls can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The Directors have reviewed the Fund's cash flow forecast for the year to 30 June 2025 and, in the light of this review and the current financial position, they are satisfied that the Fund has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the Fund's Consolidated Financial Statements. The Consolidated Financial Statements have been examined by the Fund's external auditors and their report is presented on pages 6 to 9.

The Consolidated Financial Statements set out on pages 10 to 61, which have been prepared on the going concern basis, were approved by the Directors on 31st March 2025 and were signed on its behalf by:


Mr. Noel Nkoma
Board Chairperson


Mr. Daniel Mtonga
Acting Director/Chief Executive Officer

INDEPENDENT AUDITOR'S REPORT

To the member of National Road Fund Agency

Report on the Audit of the Financial Statements

Opinion

We have audited the Consolidated Financial Statements of National Road Fund Agency which comprise:

- the consolidated statement of financial position as at December 31, 2024;
- the consolidated statement of comprehensive income, statement of changes in equity, and statement of cash flows for the year then ended; and
- notes to the consolidated financial statements, including material accounting policy information.

In our opinion the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the National Road Fund Agency as at December 31, 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Accruals Basis International Public Sector Accounting Standards (IPSASs) as issued by the International Public Sector Accounting Standards Board (IPSASB) and the NRFA Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the National Road Fund Agency - Road Fund in accordance with the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), as applicable to audits of financial statements of public interest entities, together with the ethical requirements that are relevant to audits of the financial statements of public interest entities in Zambia. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to **Notes 2g and 25** in the financial statements, which indicate that the Agency reported that its current liabilities exceeded its current assets by ZMW 11,774,734,991 (2023: ZMW 11,316,216,807). Additionally, the legal claims provision against the agency amounted to ZMW 192,135,140 (2023: ZMW 247,258,751). These conditions, along with other matters, indicate the existence of a material uncertainty that may cast significant doubt on the Agency's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Limitation of Scope

We are unable to obtain sufficient appropriate audit evidence to verify whether the achievements detailed in the technical progress reports physically exist and meet the required and agreed-upon technical specifications, as the technical review was not conducted.

Emphasis of Matter

We draw attention to **Note 18** of the financial statements, which outlines the liabilities pertaining to interest penalties on delayed payment on Road Works and Services Liabilities, amounting to ZMW 1,453,610,767 (2023: ZMW 1,451,250,693). Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KEY AUDIT MATTER	AUDIT RESPONSE
1 Valuation of capital work in progress Capital work in progress forms a significant part of the Fund's total assets. As of 31 December 2024, the Fund had a total of ZMW62.6 billion (2023 restated: ZMW 61.3) worth of capital work in progress: Due to the complexities in the valuation of the capital work in progress and its significance together with the amount of time that we spent verifying the supporting documentation, this has been flagged as a Key Audit Matter.	Our audit procedures included: We obtained a schedule of capital work in progress and the supporting documentation (Interim payment certificates as of 31 December 2024 and performed the following procedures: a) We then traced the IPCs to the schedule on a sample basis to ensure that valid IPCs had been recorded. b) We further scrutinized the IPCs to ensure these went through necessary approvals as required by the policy. c) We verified the certifying engineers to ensure they had the necessary qualifications and competencies to do so. Refer to note 17, 18 and 19 of the accompanying financial statements.
2 Expensing of capital expenditure During the year, Ministry of Local Government and Rural Development terminated a total of 240 Feeder Roads Contracts Projects worth ZMW 3 billion (2023: ZMW 2 billion). Due to the significance of the number of contracts that were terminated and the amount of time that we have spent verifying the Interim Payment Certificates (IPCs) for the terminated projects, this has been flagged as a Key Audit Matter	Our audit procedures included: We obtained a schedule of Interim Payment certificates (IPCs) for all the terminated projects as at 31 December 2024 and performed the following tests: a) We verified that the projects were authorised for termination through the introductory letters from The Ministry of Local Government. b) We then traced the IPCs to the schedule of terminated projects on a sample basis to ensure that they were accurately recorded Refer to note 6 and 7 of the accompanying financial statements.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statement

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Accruals Basis International Public Sector Accounting Standards (IPSASs) as issued by the International Public Sector Accounting Standards Board (IPSASB) and the NRFA Act, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the National Road Fund ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Government of the Republic of Zambia either intends to liquidate the Road Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the National Road Fund Agency - Road Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Agency's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion.

Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Agency to cease to continue as a going concern.

▫ Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

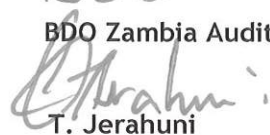
i. In accordance with the requirements of the National Road Fund Act No. 13 of 2002 and National Road Fund (Amendment) Act, 2006 (the Act), we report that in our opinion:

- a. National Road Fund Agency, Funds have been used in accordance with the Act;
- b. Goods and services financed have been procured in accordance with the Act;
- c. All necessary supporting documents, records, and accounts have been kept in respect of the Fund activities, and all information and explanations needed for the audit have been obtained.
- d. As soon as practicable, but not later than ninety days after the end of the financial year, the agency shall submit to the Minister a report concerning its activities during the financial year. We report that the Agency has complied with this requirement as they did submit the financial statements within the stipulated time frame

The engagement partner on the audit resulting in this independent auditor's report is Tinashe Jerahuni.

BDO

BDO Zambia Audit Services



T. Jerahuni

Partner

AUD/F008775

Date: 09 APR 2025

Consolidated Statement of Financial Performance

	Notes	Year ended 31 December 2024 ZMW	Restated Year ended 31 December 2023 ZMW
Revenue	4	<u>8,171,609,829</u>	<u>5,603,414,064</u>
Operational Funding			
Road Sector Agencies Operational Costs	5	<u>493,982,893</u>	<u>361,333,333</u>
Project Expenditure			
Ministry of Local Government and Rural Development	6	1,665,023,000	2,022,920,067
Road Development Agency	7	2,298,900,128	56,772,014
Road Transport and Safety Agency	8	<u>142,717,337</u>	<u>120,000,000</u>
Total Project Expenditure		<u>4,106,640,465</u>	<u>2,199,692,081</u>
Administrative Expenditure	9	<u>365,127,025</u>	<u>382,603,005</u>
Operating Surplus		3,205,859,446	2,659,785,645
Interest Income	10	2,510,433	1,730,570
Other Income	11	28,149,825	20,146,067
Finance Costs	12	599,783,143	1,060,911,625
Net Foreign Exchange Loss	13	<u>1,839,576,030</u>	<u>2,471,670,497</u>
Surplus / (Deficit) for the period		<u>797,160,531</u>	<u>(850,919,840)</u>

The notes on pages 22 to 61 form part of these Consolidated Financial Statements.

NATIONAL ROAD FUND AGENCY
NATIONAL ROAD FUND
Consolidated Financial Statements
For the Year Ended 31 December 2024

Consolidated Statement of Financial Position

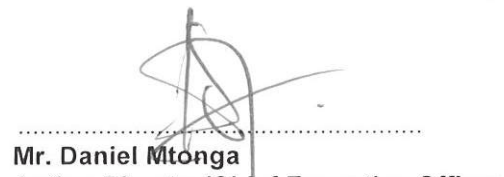
	Notes	Year ended 31 December 2024 ZMW	Restated Year ended 31 December 2023 ZMW	Restated Year ended 31 December 2022 ZMW
Current Assets				
Advances to Road Sector Institutions	14	867,958,085	1,495,622,355	812,174,586
Other Receivables	15	4,168,104,104	1,684,356,391	872,324,636
Cash and Bank	16	641,121,386	386,050,978	459,951,825
		<u>5,677,183,575</u>	<u>3,566,029,724</u>	<u>2,144,451,047</u>
Non-Current Assets				
CWIP - Road Works Construction Costs	17	59,387,001,285	58,519,187,426	57,251,355,314
CWIP - Road Structures Construction Costs	18	3,055,856,467	2,927,991,082	2,730,321,265
CWIP – Interest on Delayed Payment	19	1,453,610,767	1,451,250,693	1,650,898,802
Advances to Contractors and Consultants	20	4,138,250,965	4,201,065,491	4,689,275,976
Property, Plant & Equipment	21	4,865,064	8,689,571	7,693,197
Other Road Project Costs	22	749,422,195	714,444,391	637,233,593
		<u>68,789,006,743</u>	<u>67,822,628,654</u>	<u>66,966,778,147</u>
Total Assets		<u>74,466,190,318</u>	<u>71,388,658,378</u>	<u>69,111,229,194</u>
Current Liabilities				
Bank Overdraft	16	300	300	300
Road Works and Services Liabilities	23	12,236,951,947	11,101,539,330	10,611,981,396
Other Creditors and Accruals	24	720,717,502	395,065,751	597,236,990
Provisions	25	192,135,140	247,258,751	269,922,500
DBSA Loan Payable in arrears	26.3	3,675,853,956	2,519,578,864	1,221,016,154
DBSA Loan Payable - Within 1 Year	27.1	385,320,786	354,693,785	249,568,673
Indo Zambia Loan Payable-Within 1 Year	28	108,790,949	108,790,949	82,602,973
NAPSA Loan Payable – Within 1 Year	29	-	19,787,198	42,337,024
NATSAVE Loan Payable-within 1 year	30	-	-	80,518,414
NATSAVE Stimulus Payable-Within 1 year	31	132,147,986	135,531,602	133,489,242
		<u>17,451,918,566</u>	<u>14,882,246,530</u>	<u>13,288,673,666</u>
Non-Current Liabilities				
DBSA Loan Payable within 2-20 Years	27.1	2,119,264,327	2,305,509,605	1,871,765,045
Indo Zambia Bank Loan Payable within 2-4 Years	28	158,801,600	253,550,353	362,341,302
NAPSA Loan Payable-within 2-15 years	29	-	1,009,623,764	4,361,793,516
NATSAVE Loan Payable – within 2 Years	30	-	-	97,376,773
NATSAVE STIMULUS Loan Payable-within 2-4 years	31	-	131,488,473	266,967,948
Retention Costs Payable to Contractors	32	2,378,408,256	2,381,343,191	2,374,352,424
		<u>4,656,474,183</u>	<u>6,081,515,386</u>	<u>9,334,597,008</u>
Total Liabilities		<u>22,108,392,749</u>	<u>20,963,761,916</u>	<u>22,623,270,674</u>
Net Assets		<u>52,357,797,569</u>	<u>50,424,896,462</u>	<u>46,487,958,520</u>

Consolidated Statement of Financial Position *(continued)*

	Notes	Year ended 31 December 2024 ZMW	Restated Year ended 31 December 2023 ZMW	Restated Year ended 31 December 2022 ZMW
Net Assets/Equity				
Contributed Capital Grant	33	26,888,482,967	26,888,482,967	22,819,290,407
GRZ Capital Grants - DBSA Loan	34	965,538,452	965,538,452	965,538,452
Non - Contributed Capital Grant	35.1	20,502,664,972	19,366,924,395	18,648,259,174
Translation Reserve	36	(91,517,727)	(91,517,727)	(91,517,728)
DBSA Loan Reserve	37	150,104,145	150,104,145	150,104,145
Accumulated Surplus	38	3,942,524,760	3,145,364,230	3,996,284,070
		52,357,797,569	50,424,896,462	46,487,958,520

The financial statements on pages 10 to 61 were approved for issue by the Board members on 31st March 2025 and signed on its behalf by:


Mr. Noel Nkoma
Board Chairperson


Mr. Daniel Mtonga
Acting Director/Chief Executive Officer

The notes on pages 22 to 61 form part of these Consolidated Financial Statements.

NATIONAL ROAD FUND AGENCY
NATIONAL ROAD FUND
Consolidated Financial Statements
For the Year Ended 31 December 2024

Consolidated Statement of Changes in Net Assets/Equity

	Note	Contributed Capital Grant	GRZ Capital Grants	Non- Contributed Capital Grant	Translation Reserves	DBSA Loan Reserves	Accumulated Surplus	Total
		ZMW	ZMW	ZMW	ZMW	ZMW	ZMW	ZMW
At 1st January 2023		22,882,546,375	965,538,452	18,648,259,174	(91,517,728)	150,104,145	3,879,919,054	46,434,849,472
Prior year adjustment	33	(63,255,968)	-	-	-	-	-	(63,255,968)
Prior year adjustment	38	-	-	-	-	-	116,365,016	116,365,016
Restated Balances		22,819,290,407	965,538,452	18,648,259,174	(91,517,728)	150,104,145	3,996,284,070	46,487,958,520
Additions	33	4,069,192,560	-	-	-	-	-	4,069,192,560
Additions	35.1	-	-	718,665,221	-	-	-	718,665,221
Additions	36	-	-	-	1	-	-	1
Adjusted Surplus for the Year		-	-	-	-	-	(850,919,840)	(850,919,840)
At 31 December 2023	38	26,888,482,967	965,538,452	19,366,924,395	(91,517,727)	150,104,145	3,145,364,230	50,424,896,462
At 1st January 2024		26,888,482,967	965,538,452	19,366,924,395	(91,517,727)	150,104,145	3,145,364,229	50,424,896,461
Additions	35.1	-	-	1,135,740,577	-	-	-	1,135,740,577
Surplus for the Year	38	-	-	-	-	-	797,160,531	797,160,531
At 31 December 2024		26,888,482,967	965,538,452	20,502,664,972	(91,517,727)	150,104,145	3,942,524,760	52,357,797,569
Note		33	34	35.1	36	37	38	

The notes on pages 22 to 61 form part of these Consolidated Financial Statements

Consolidated Statement of Cash Flows

		Year ended 31 December 2024 ZMW	Restated Year ended 31 December 2023 ZMW
	Notes		
Cash flows from operating activities			
Surplus / (Deficit) for The Year		797,160,531	(850,919,840)
Foreign Exchange (Losses)		(712,926)	(13,871,839)
		<u>796,447,605</u>	<u>(864,791,679)</u>
Depreciation Charge	21	4,529,262	4,358,636
Profit on Disposal of Asset	11	(180,000)	-
Adjusted Surplus /(Deficit) for the Year		<u>800,796,867</u>	<u>(860,433,043)</u>
(Increase) in Advances to Road Sector Institutions	14	627,664,270	(683,447,769)
(Increase) / Decrease in Other Receivables	15	(2,483,747,713)	(812,031,755)
Increase in Road Works and Services Liabilities	23	1,135,412,616	489,557,934
Increase /(Decrease) in Creditors and Accruals	24	325,651,751	(202,171,239)
(Decrease) / Increase in Provisions	25	(55,123,611)	(22,663,749)
(Decrease) / Increase in Retention Costs Payable	32	(2,934,935)	6,990,767
Net cash inflow from operating activities		<u>347,719,245</u>	<u>(2,084,198,854)</u>
Investing activities			
(Decrease) in Capital Work in Progress	17-20	(970,202,596)	(854,854,133)
Prior Year Adjustment - Property, Plant and Equipment	21	-	(3,752,565)
Purchase of Property, Plant, and Equipment	21	(704,755)	(1,602,445)
Proceeds from disposal of asset	11	180,000	-
Net cash used on Investing Activities		<u>(970,727,351)</u>	<u>(860,209,143)</u>
Financing activities			
Repayment of borrowings	28-31	(1,259,031,804)	(3,768,654,853)
Interest capitalized on borrowings	26.1-2	527,507,089	374,329,163
Foreign Exchange differences in translation of borrowings	26.1-2, 27.1	473,149,726	1,463,103,219
Contributed Capital Grants	33	-	4,069,192,560
Non-Contributed Capital Grants	35	1,135,740,577	718,665,221
Translation Differences	36	-	1
Net cash from financing activities		<u>877,365,588</u>	<u>2,856,635,311</u>
Net increase/ (decrease) in cash and cash equivalents		<u>254,357,482</u>	<u>(87,772,686)</u>
Cash and cash equivalents at the beginning of the Year	16	386,050,678	459,951,525
Effects of Exchange rate movements on cash balances		<u>712,926</u>	<u>13,871,839</u>
Cash and cash equivalents at the end of the Year	16	<u>641,121,086</u>	<u>386,050,678</u>
Represented by:			
Bank Overdraft	16	(300)	(300)
Cash and Bank	16	<u>641,121,386</u>	<u>386,050,978</u>
		<u>641,121,086</u>	<u>386,050,678</u>

The notes on pages 22 to 61 form part of these Financial Statements.

Statements of Comparison of Budget and Actual Expenditure as at 31 December 2024

1. AfDB Chinsali - Nakonde Road Project

No.	Category of Expenditure	Budgeted Amounts	Actual Amounts	Balance	Status at 31 December 2024
		ZMW	ZMW	ZMW	
1.	Civil Works	6,215,364,132	3,148,545,121	3,066,819,011	Civil works are substantially completed going into defect liabilities phase
2.	Consultancies	287,152,912	173,022,576	114,130,336	Ongoing
3.	Institutional Support and Capacity Building	164,153,304	53,795,899	110,357,405	A number of activities are under procurements
4.	Resettlement and Compensation	30,769,129	33,058,400	33,058,400	GRZ provided more funds than what was budgeted.
5.	Total	6,697,439,477	3,408,421,996	3,289,017,481	

2. AfDB Kazungula Bridge Loan

No.	Category of Expenditure	Budget Amounts	Actual Amounts	Balance	Status at 31 December 2024
		ZMW	ZMW	ZMW	
1.	Complimentary Component	507,310,000	416,107,469	91,202,531	Completed in 2016. Balance arose due to one contract which was cancelled during execution of the Project.
2.	Kazungula Bridge Construction Agreement	843,448,000	726,277,554	117,170,446	Lot 1 and 2 are fully completed and under the defects liability period.
.	Total	1,350,758,000	1,142,385,023	208,372,977	

Statements of Comparison of Budget and Actual Expenditure as at 31 December 2024

3. AfDB Nacala Phase IV Loan

No.	Category of Expenditure	Budget Amounts ZMW	Actual Amounts ZMW	Balance ZMW	Status at 31 December 2024
1.	Civil Works	243,786,634	234,827,534	8,959,100	Civil Works substantially completed. The balance will be used to pay for final IPCs yet to be received and retention.

4. European Union

No.	Category of Expenditure	Budget Amount ZMW	Actual Amount ZMW	Balance ZMW	Status at 31 December 2024
1.	Civil Works and Consultancy	3,523,893,089	1,599,875,237	1,924,017,852	Completed and opened to traffic Sections by 31 May 2016: 1. T4 Luangwa Bridge- Nyimba, 2. T4 Sinda – Katete – Mutenguleni and 3. T4 Mutenguleni – Chipata – Mwami. Defects were noted on T4 Luangwa Bridge- Nyimba, and were yet to be remedied by 31 December 2024. Implementing Agency is engaging a consultant to carry out some studies.

NATIONAL ROAD FUND AGENCY
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Statements of Comparison of Budget and Actual Expenditure as at 31 December 2024

4. EXIM Bank of China

No.	Category of Expenditure	Budgeted Amounts	Actual Amounts	Balance	Status at 31 December 2024
		ZMW	ZMW	ZMW	
1.	Rehabilitating - 400(L400) Lusaka Urban Roads	13,805,755,800	10,940,191,982	2,865,563,818	Completed
2.	Construction of Mongu – Kalabo Road	3,383,803,216	2,170,085,516	1,213,717,700	Completed
3.	Upgrading of Mbala – Nakonde Road(D1)	1,551,569,956	1,551,569,956	-	Completed
4.	Rehabilitation, Upgrading, and Construction of Zambia Urban Roads	805,617,163	686,782,148	118,835,015	Completed
5.	Upgrading of Kawambwa Mporokoso Road	3,973,803,174	729,417,702	3,244,385,472	Cancelled during Implementation due to inadequate funding
6.	Audit and VAT to ZRA	52,558,720	52,558,720	-	Amount paid off subsequent to the year-end
	Total	23,573,108,029	16,130,606,024	7,442,502,005	

5. Road Fund

No.	Agency/Activity	Budgeted	Actual	Balance	Comment
		ZMW	ZMW	ZMW	
	Receipts				
1.	Opening Bank and Cash balances				
2.	Receipts		262,475,335		
3.	Road User Charges (RUCs)-2024 Collections	6,354,176,063	5,838,070,002	516,106,060	The balance is due to underfunding towards Road Tolling and Fuel Levy collections during the year.
4.	Interest Income	-	2,093,827	(2,093,827)	Interest was received from the commercial bank on the average bank balance during the year.

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Statements of Comparison of Budget and Actual Expenditure as at 31 December 2024 (Continued)

Road Fund

No.	Agency/Activity	Budgeted	Actual	Balance		Comment
				ZMW	ZMW	
5.	Realized Exchange Gain		4,434,081	(4,434,081)		Exchange gain realized from foreign transactions on the road fund account
6	Total Receipts	6,354,176,063	5,844,597,910	509,578,152		
7	Payments					
8	Debt Arrears	400,001,634	840,932,570	(440,930,936)		A minimal amount was allocated for debt arrears in the 2024 Road Sector Annual Work Plan and Budget.
9	Loan Repayments	309,000,000	304,734,641	4,265,359		The loans that were being paid in 2024 were the Natsave Stimulus Loan and the Indo Zambia Bank Loan
10	NAPSA Loan Repayments		1,029,410,962	(1,029,410,962)		The NAPSA loan was fully repaid during the year
11	NRFA Operations	149,936,105	149,936,105	-		
12	PPP Separations		58,165,794	(58,165,794)		Separation packages paid to affected staff on the Lusaka Ndola PPP Toll Stations.
13	RDA Operations	167,023,394	152,633,764	14,389,630		December 2024 operational funding paid in January 2025.
14	RTSA Operations	177,023,394	162,271,444	14,751,949		December 2024 operational funding paid in January 2025.
15	MLGRD- 2024 Budget	1,254,615,385	709,581,370	545,034,014		Payments were made from fund allocated to the MLGRD.
16	MLGRD		64,881,112	(64,881,112)		2023 Payments which were made in 2024 towards project costs.
17	Road Safety	214,000,000	124,833,333	89,166,667		Budget not fully disbursed due to 2024 budget not fully funded by MoFNP.
18	Road Fund Expenditure- Audits, Bank Charges		460,498	(460,498)		These payments were made towards financial audits ad Bank charges
19	RDA Project Costs-2024 Budget	3,358,593,707	1,264,435,191	2,094,158,512		Amount paid towards 2024 RDA Funding allocations.

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Statements of Comparison of Budget and Actual Expenditure as at 31 December 2024 (Continued)
Road Fund

No.	Agency/Activity	Budgeted	Actual	Balance	Comment
		ZMW	ZMW	ZMW	
20	RDA Projects Costs		322,110,600	(322,110,600)	Payments made towards RDA projects
21	RDA Projects Costs	-	148,155,826	(148,155,826)	2023 Payments which were made in 2024 against 2023 RDA profiles.
22	NRFA Road Tolling	323,982,444	330,517,534	(6,535,090)	Expenditure was above budget due to associated costs from the transfer of toll stations to PPP.
28	Total Payments	6,354,176,063	5,663,060,744	691,115,319	
29	Closing Bank and Cash Balances		444,012,501		

Represented by:

No.	Bank	Notes	Amount
			ZMW
1	Bank of Zambia ZMW	16	433,944,136
2	Zanaco ZMW	16	10,042,617
3	Zanaco USD	16	25,748
	Total		444,012,501

Statements of Comparison of Budget and Actual Expenditure as at 31 December 2024

6. World Bank - Improved Rural Connectivity Project (IRCP)

No	Category of Expenditure	Budgeted Amounts	Actual Costs	Balance	Status at 31 December 2024
		ZMW	ZMW	ZMW	
1.	Component 1 – Improved Feeder Roads	5,027,400	2,226,580	2,800,820	Work is ongoing in the following Provinces for the next four (4) years: 1. Central – Two (2) Packages 1 & 2 2. Copperbelt-One (1) Packages 13 3. Eastern – Two (2) Packages 3 & 4 4. Luapula – Two (2) Packages 9 & 10 5. Lusaka- One (1) Package 19 6. Muchinga – Two (2) Packages 14 & 15 7. Northern – Two (2) Packages 7 & 8 8. North-Western – One (1) Packages 6 9. Southern – One (1) Package 11 10. Western - Two (2) Packages 16 & 17 When the remaining Package in: 1. North Western Province - Package 5 is yet to be signed and will be completed within five (5) years, as well.
2.	Component 2 – Institutional Strengthening	558,600	467,270	91,330	Most stand-alone projects have been completed. The remaining funds will cater for the Project Unit's Operations, which run parallel with the Road Projects noted above.
3.	Total	5,586,000	2,693,850	2,892,150	

The notes on pages 22 to 61 form part of these Consolidated Financial Statements.

Notes

1 The principal activity of the National Road Fund

The National Road Fund (NRFA) was established by the National Road Fund Act No. 13 of 2002. The NRFA is a statutory organisation whose function is to administer and manage the Road Fund.

2 Statement of Compliance and Basis of Preparation – IPSAS 1

- (a) The National Road Fund's Consolidated Financial Statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The consolidated financial statements are presented in Zambian Kwacha, which is the functional and reporting currency of the National Road Fund.

The consolidated financial statements have been prepared on the basis of historical cost unless stated otherwise. The consolidated financial statements are prepared on an accrual basis.

The preparation of consolidated financial statements is in conformity with IPSAS which requires the use of estimates and assumptions. It also requires management to exercise its judgment in the process of applying the NRFA's accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the consolidated financial statements have been accounted for accordingly in these consolidated financial statements.

- (b) The consolidated financial statements of the National Road Fund and its Cooperating Partners for the year ended 31 December 2024 were authorized for issue in accordance with the resolution of Directors on

- (c) The World Bank Project (Improved Rural Connectivity Project) - IDA Project P159330

The IDA Project P159330 was approved by the Board of the World Bank on 4 May 2017. The Financing Agreement was signed on 13 September 2017 between the Republic of Zambia and the International Development Association (IDA) and the main Credit became effective in 2018.

The closing date of the credit will be in 2026.

The total credit under this Development Credit Agreement (DCA) P159330 is US\$200,000,000.

This amount is split as follows:

Activity	Amount (US \$)
Improvement of feeder roads	180,000,000
Institution Strengthening in the Road Sector	<u>20,000,000</u>
Total	<u>200,000,000</u>

- (d) The consolidated financial statements provide comparative information in respect of the previous period.

In addition, the Fund presents an additional statement of consolidated financial position at the beginning of the preceding period when there is a retrospective application of an accounting policy, a retrospective restatement, or a reclassification of items in financial statements. An additional statement of consolidated financial position as at 1 January 2021 is presented in these consolidated financial statements due to the retrospective restatement.

Notes

2 Statement of Compliance and Basis of Preparation – (Continued)

(e) Basis of Consolidation

The consolidated financial statements comprise the National Road Fund and Cooperating Partner's financial statements as at 31 December 2024. In order to present a holistic picture of the National Road Fund, the Road Fund and its Cooperating Partners' financial statements have been consolidated.

(f) General Improvements to IPSAS

IPSAS	Summary of Change
IPSAS 1, Presentation of financial statements	The amendments clarify the principles related to: • The right to defer settlement for at least twelve months (with or without covenants); and • The meaning of "settlement" when a liability is rolled over under an existing loan facility. Effective dates is for periods beginning on or after 1st January 2026 and shall be applied retrospectively in accordance with IPSAS 3.

(g) Going Concern

During the year the Fund's current liabilities exceeded its current assets by **ZMW 11.8 billion** (2023: ZMW 11.3 billion). The Fund continues to meet its obligations through funding from The Government of The Republic of Zambia through the Ministry of Finance and National Planning.

Accordingly, the directors are satisfied that at the time of approval of these financial statements, there was no significant concern that the Ministry of Finance and National Planning would discontinue providing financial support. On this basis, the directors consider it appropriate to prepare these financial statements on a going concern basis.

Notes

3 Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions – IPSAS 23

Fees, taxes, and fines

The National Road Fund recognizes revenues from fees, taxes, and fines when the event occurs and the asset recognition criteria are met. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, deferred income is recognized instead of revenue. Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the agency and the fair value of the asset can be measured reliably.

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services, and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the agency and can be measured reliably.

ii) Revenue from non-exchange transactions – IPSAS 9

Rendering of services

The National Road Fund recognizes revenue from the rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours.

Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

Sale of goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of the goods and when the amount of revenue can be measured reliably and it is probable that the economic benefits or service potential associated with the transaction will flow to the agency.

Interest income

Interest income is accrued using the effective yield method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income each period.

Notes

3 Summary Of Significant Accounting Policies (continued)

b) Budget information – IPSAS 24

The annual budget is prepared on an accrual basis, that is, all planned costs and income are presented in a single statement to determine the needs of the agency. As a result of the adoption of the accrual basis for budgeting purposes, there are no basis, timing, or agency differences that would require reconciliation between the actual comparable amounts and the amounts presented as a separate additional financial statement in the statement of comparison of budget and actual amounts.

c) Property, plant, and equipment – IPSAS 17

The cost of an item of Property, Plant, and Equipment is recognized as an asset when it is probable that future economic benefits associated with the item will flow to the NRF and the cost of the item can be measured reliably.

The costs include costs incurred initially to acquire or construct an item of Property, Plant, and Equipment, and costs incurred to add to, maintain and significant replace parts of it. Routine maintenance of Property is expensed and charged to the Statement of Comprehensive Income during the period or year they are incurred.

Property, Plant and Machinery are stated at historical cost. All costs include those directly attributable to bring the assets to working condition for their intended use and include professional fees and contractual costs relating to standing time and interest charges on delayed payment of amounts due to supplier of the works and services on the Property, Plant and Machinery. The following are the depreciation rates for each class of Non -Current Assets; Buildings 2% Equipment. 25% Motor vehicle. 25% Furniture and fittings 25%

Property here refers to the cost of road construction and road structure construction costs, which is capitalised during the construction period and ultimately expensed on completion of the road construction upon a completion certificate been issued by the Implementing Institution and received by NRF.

Land, Plant and Machinery are expensed and charged to the Statement of Comprehensive Income during the period or year they are incurred. These are ultimately capitalised by the respective recipient Road Sector Institutions.

d) Intangible assets – IPSAS 31

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred.

The useful life of the intangible assets is assessed as either finite or indefinite.

Notes

3 Summary of significant accounting policies (continued)

e) Financial instruments – IPSAS 29

Initial recognition and measurement

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. The National Road Fund determines the classification of its financial assets at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit.

Held-to-maturity

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the National Road Fund has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The losses arising from impairment are recognized in surplus or deficit.

Impairment of financial assets

The National Road Fund assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the National Road Fund of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

The debtors or entity of debtors are experiencing significant financial difficulty Default or delinquency in interest or principal payments

The probability that debtors will enter bankruptcy or other financial reorganization

Observable data indicates a measurable decrease in estimated future cash flows (e.g. changes in arrears or economic conditions that correlate with defaults)

Notes

3 Summary of significant accounting policies (continued)

ii) Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The National Road Fund determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

Loans and borrowing

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well as through the effective interest method amortization process. IPSAS 29.65

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

f) Provisions – IPSAS 19

Provisions are recognized when the National Road Fund has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the National Road Fund expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

Contingent liabilities

The National Road Fund does not recognize a contingent liability, but discloses details of any contingencies in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

Contingent assets

The National Road Fund does not recognize a contingent asset, but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the National Road Fund in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

Notes

3 Summary of significant accounting policies (continued)

g) Nature and purpose of reserves

The National Road Fund creates and maintains reserves in terms of specific requirements. National Road Fund to state the reserves maintained and appropriate policies adopted.

h) Changes in accounting policies and estimates – IPSAS 3

The National Road Fund recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

i) Foreign currency transactions – IPSAS 4

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

j) Borrowing costs – IPSAS 5

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment. Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

k) Related parties – IPSAS 20

The National Road Fund regards a related party as a person or an agency with the ability to exert control individually or jointly, or to exercise significant influence over the National Road Fund, or vice versa. Members of key management are regarded as related parties and comprise the senior managers.

l) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Zambia and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

m) Comparative figures

Where necessary comparative figures for the previous financial year have been amended or reconfigured to conform to the required changes in presentation.

Notes

3 Summary of significant accounting policies (*continued*)

n) Significant judgments and sources of estimation uncertainty – IPSAS 1

The preparation of the National Road Fund's financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The National Road Fund based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the National Road Fund. Such changes are reflected in the assumptions when they occur.

3 Summary of significant accounting policies (*continued*)

Useful lives and residual values

The useful lives and residual values of assets are assessed using the following indicators to inform potential future use and value from disposal:

- The condition of the asset based on the assessment of experts employed by the National Road Fund.
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes.
- The nature of the processes in which the asset is deployed.
- Availability of funding to replace the asset.
- Changes in the market in relation to the asset.

Notes

3 Summary of significant accounting policies (continued)

Provisions

Provisions were raised and management determined an estimate based on the information available.

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

Assumptions were used in determining the provision for rehabilitation of landfill sites. Landfill areas are rehabilitated over years and the assumption was made that the areas stay the same in size for a number of years.

Provision is made for the estimated cost to be incurred on the long-term environmental obligations, comprising expenditure on pollution control and closure over the estimated life of the landfill. The provision is based on the advice and judgment of qualified engineers.

The estimates are discounted at a pre-tax discount rate that reflects current market assessments of the time value of money.

The increase in the rehabilitation provision due to passage of time is recognized as finance cost in the statement of financial performance.

The cost of ongoing programs to prevent and control pollution and rehabilitate the environment is recognized as an expense when incurred.

o) Subsequent events – IPSAS 14

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended 31 December 2024.

p) Advance Payments to Contractors, Consultants and Suppliers of Goods and Services

The Advance Payment is a contractual obligation by the Implementing Institution towards the Contractors, Consultants and Suppliers of Goods and Services when included in the road works or goods or service contract and the contract is fully signed between the Implementing Institution and Contractors, Consultants and Suppliers of Goods and Services.

The Advance Payments are stated at historical cost and recoverable from the Contractors, Consultants and Suppliers of Goods and Services over the contract period.

(q) Financial Risk Management

Income is recognized when it is probable that future economic benefits will flow to the NRF and these benefits can be measured reliably.

Notes

3 Summary of significant accounting policies (*continued*)

(i) Interest Rate Risk

The National Road Fund (NRF) exposure to interest rate risk is limited to the extent that the National Road Fund (NRF) does not carry interest bearing financial assets except for operational bank balances. However, there is some interest rate risk limited to the fixed interest-bearing contractual liabilities on road works and some supplies which may arise due to the delayed settlement of these bills.

(ii) Currency Risk

The National Road Fund currency risk is limited to currency exposures on the foreign currency works and services contracts signed by the Road Sector Implementing Institutions, whose contractual payments is met by the National Road Fund.

(iii) Credit Risk

Potential concentration of credit risk consists mainly of cash and cash equivalents, and receivables. The National Road Fund limits its counterparty exposure by dealing with established banks. The National Road Fund has a policy of managing credit exposure to contractors and consultants by obtaining bonds and bank guarantees from well-established financial institutions.

(iv) Liquidity Risk

Liquidity risk arises primarily from an uncertainty in funding from the Treasury and expenditure flows. The National Road Fund manages liquidity risks through the compilation and monitoring of cash flow forecasts. In addition, the Agency liaises closely with the Ministry of Finance to ensure that adequate Treasury releases are made during the respective period to fund the Road Sector expenditures within the budget limits.

Further, the National Road Fund monitors the Road Sector Implementing Institutions commitments and expenditure levels and where budget levels are exceeded, the Ministry of Finance is requested for additional funding.

The National Road Fund currency risk is limited to currency exposures on the foreign currency works and services contracts signed by the Road Sector Implementing Institutions, whose contractual payments is met by the National Road Fund.

(d) Cash and Cash Equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on a call with banks, other short term highly liquid investments with original maturities of three months or less, and overdrafts are included within short term loans in current liabilities on the balance sheet.

(ii) Currency Risk

The National Road Fund currency risk is limited to currency exposures on the foreign currency works and services contracts signed by the Road Sector Implementing Institutions, whose contractual payments is met by the National Road Fund.

Notes (continued)

4. Revenue

	Year Ended 31 December 2024 ZMW	Year Ended 31 December 2023 ZMW
Fuel Levy	1,731,174,705	1,448,706,327
Tolling - NRFA	2,005,551,939	1,377,623,709
Tolling - RTSA	2,023,422,282	1,575,099,255
Road Tax, Motor and Drivers Licenses	777,002,725	760,725,369
Weighbridge Fines and Fees	96,419,895	76,868,010
GRZ Grant Income	1,556,918,052	374,328,921
Sub Total	8,190,489,598	5,613,351,591
Less: Discount awarded to E-Toll Merchants	(18,879,769)	(9,937,527)
Total	8,171,609,829	5,603,414,064

The Road Fund Revenue above has been recognised and recorded by the Agency in line with the National Road Fund Act, number 13 of 2002, Section 16 as follows:

Section 16 (2) of the National Road Fund Act No. 13 of 2002 (as amended in 2006) – States that 'The Road Fund shall consist of:

- such moneys as may be appropriated by Parliament for the purposes of the Road Fund;
- all fuel levy collected, less the cost of collection which shall not exceed three per cent, in every fiscal year".
- such percentage of licence fees, registration fees and international transit fees payable to the Road Transport and Safety Agency under the Road Traffic Act, as the Minister may determine;
- such percentage of the weigh bridge charges payable to the Road Development Agency under the Public Roads Act, 2002, as the Minister may, by statutory instrument, determine;
- all moneys paid as fines for vehicle overloading offences under the Public Roads Act, 2002;
- such percentage of road user levies including tariffs, taxes and tolls as may be determined by the Minister on the recommendation of the agency in consultation with Road Development Agency; and
- such monies as may be paid to the Road Fund by way of loans, grants or donations.'

NAPSA Funding represents funds received from the NAPSA Loan to settle NAPSA Road Projects liabilities, which had been posted and recorded in the Road Fund.

The Discount awarded to E-Toll Merchants is calculated at 4% of the toll revenue collected by the E-Toll Merchants as per the Statutory Instrument (SI) 74 of 2020 of the Tolls Act, 2011.

Interest income was earned on the commercial bank current account balances during the year.

Notes (continued)

5. Operational Funding

	Year Ended 31 December 2024 ZMW	Year Ended 31 December 2023 ZMW
Funding to National Road Fund Agency	149,936,105	120,000,000
Funding to Road Development Agency	167,023,394	120,666,666
Funding to Road Transport and Safety Agency	177,023,394	120,666,667
	<u>493,982,893</u>	<u>361,333,333</u>

The Operational Funding from the Road Fund to the Agencies was disbursed in line with **Section 17 (c) of the National Road Fund Act No. 13 of 2002 (as amended in 2006)**, which states that: 'the Agency shall apply the moneys of the Road Fund for the operations of the Agency (NRFA), the Road Development Agency and the Road Transport and Safety Agency: Provided that the moneys paid out of the Road Fund for the operations of the three Agencies shall not exceed ten per centum (10%) of the moneys paid into the Road Fund under (Section 16) paragraphs (a) to (f) of subsection (2), as per **Note 5 above**.' The ten per centum (10% ceiling was applied to the distribution of the Operational Funding distributed to the three (3) Agencies in 2023 as agreed above.

Moneys paid into the Road Fund per Section 16 (2) (a) to (f):

	Year Ended 31 December 2024 ZMW	Year Ended 31 December 2023 ZMW
Road User Charges Funding into the Road Fund	5,697,795,824	8,049,773,450
Supplementary Funding into the Road Fund	140,274,179	400,000,000
ZRA Debt Arrears Swap Funding into the Road Fund	-	852,040,626
Total	<u>5,838,070,003</u>	<u>9,301,814,076</u>
Ten per centum (10%) of monies paid into the Road Fund:	583,807,000	930,181,408
Operational Funding to:		
National Road Fund Agency (NRFA)	149,936,105	120,000,000
Road Development Agency (RDA)	167,023,394	120,666,667
Road Safety and Transport Agency (RTSA)	177,023,394	120,666,667
Total Operational Funding	<u>493,982,893</u>	<u>361,333,333</u>
Under Funding to Agencies Operational Expenditure	<u>89,824,107</u>	<u>568,848,075</u>

NATIONAL ROAD FUND AGENCY
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Notes (continued)

Project Expenditure

	Year Ended 31 December 2024 ZMW	Year Ended 31 December 2023 ZMW
6. Ministry of Local Government and Rural Development		
CWIP Periodic Maintenance expensed	1,665,023,000	1,863,588,504
CWIP Rehabilitation expensed	-	159,331,563
Sub Total	1,665,023,000	2,022,920,067

The Ministry of Local Government and Rural Development terminated a total of 240 feeder roads contracts in 2023. During 2024, Capital work in progress was expensed where final certified IPCs were received.

7. Road Development Agency

	Year Ended 31 December 2024 ZMW	Year Ended 31 December 2023 ZMW
Professional and Legal Fees	-	38,860
Emergencies	835,358,885	3,169,104
Kazungula Bridge Office Funding	16,683,662	6,650,133
Routine Maintenance and Vegetation Control	15,634,068	40,669,098
Motor Vehicles	758,265	1,795,109
Office Equipment and Furniture	-	31,719
Monitoring and Evaluating	5,853,271	-
Studies – Designs,	1,599,728	1,458,433
Information Systems	5,777	4,917
Workshops, Seminars and Training	-	2,954,641
Tolling Expense	447,671	-
Functions and Meetings	73,984	-
Office Expenses	311,373	-
Workshops, Seminars and Training	2,969,681	-
CWIP Expensed	1,419,203,763	-
Sub Total	2,298,900,128	56,772,014

8. Road Transport and Safety Agency

	Year Ended 31 December 2024 ZMW	Year Ended 31 December 2023 ZMW
Motor Vehicles Expenses	50,671	-
Road Safety	142,666,666	120,000,000
Workshops, Seminars and Training	-	-
Sub Total	142,717,337	120,000,000

Notes (continued)

9. Other Administrative Expenses

	Year Ended 31 December 2024 ZMW	Year Ended 31 December 2024 ZMW
Ministry of Housing and Infrastructure Development		
Advertising	-	37,028
Functions and Meetings	617,876	139,530
Office Expenses	785,202	771,165
Motor Vehicles Expenses	555,538	-
Workshops, Seminars and Training	1,146,617	-
Staff costs	16,500,246	13,975,798
Sub Total	19,605,479	14,923,521
Ministry of Local Government and Rural Development		
Professional and Legal fees	-	-
Functions and Meetings	145,065	123,709
Road Inspections	-	-
Motor Vehicle Expenses	401,783	-
Depreciation	-	-
Workshops, Seminars and Training	1,493,068	380,036
Provision for Bad Debts – Road Works	3,757,336	-
Office Expenses	474,080	-
Monitoring and Evaluating	815,481	-
Sub Total	7,086,813	503,745
Ministry of Transport and Communications		
Functions and Meetings	98,484	119,983
Motor Vehicle Expenses	54,159	-
Depreciation	-	-
Sub Total	152,643	119,983
National Council for Construction		
Workshops, Seminars and Training	147,600	3,341,600
National Road Fund Agency		
Advertising	-	-
Audit Fees	1,877,532	394,745
Audit Expenses	118,554	-
Bank Charges	1,082,063	748,781
Motor Vehicle Expenses	67,100	-
Depreciation	4,529,261	4,358,636
Professional and Legal Fees	4,641,770	12,481,994
Tolling Operations	323,982,444	345,730,000
Functions, Meetings, Seminars and Training	365,733	-
Sub Total	336,664,457	363,714,156
Road Development Agency		
Provision for Bad Debts - Road Works	1,470,033	-
Total	365,127,025	382,603,005

Notes (continued)

10. Interest Income

	Year ended 31 December 2024 ZMW	Year ended 31 December 2023 ZMW
Bank Interest	<u>2,510,433</u>	<u>1,730,570</u>

Interest income was earned on the commercial bank current account balances during the year.

11. Other Income

	Year ended 31 December 2024 ZMW	Year ended 31 December 2023 ZMW
Profit on Sale of Asset	180,000	-
Grant Income	<u>27,969,825</u>	<u>20,146,067</u>
	<u>28,149,825</u>	<u>20,146,067</u>

12. Finance Costs

	Year ended 31 December 2024 ZMW	Year ended 31 December 2023 ZMW
DBSA Loan Interest Costs	527,507,089	374,329,163
NAPSA Loan Interest Costs	-	55,626,224
Indo Zambia Bank Interest Costs	43,185,684	574,357,541
NATSAVE Loan Fees	-	22,908,252
NATSAVE Stimulus Interest costs	<u>29,090,370</u>	<u>33,690,445</u>
	<u>599,783,143</u>	<u>1,060,911,625</u>

Development Bank of Southern Africa Limited (DBSA) Loan

The National Road Fund Agency signed a loan agreement with the Development Bank of Southern Africa Limited (DBSA) on 22nd December 2010 for a loan facility of US\$ 262.00 million. The Loan Facility was for the construction and rehabilitation of the following Western Corridor public roads in Zambia of Chipata – Lundazi, Mumbwa – Landless Corner, Kabompo – Chavuma, and Senanga – Sesheke. This Single Currency Term Loan Facility is repayable in 20 years and it had a Loan Capital grace period of 12 months with the biannual disbursement dates of 1st April and 1st October, starting on 1st October 2012.

The first addendum to the existing Loan Agreement was signed on 26 March 2012 in order to amend the projects listed to construction and rehabilitation of Kabompo – Chavuma - Senanga – Sesheke including Sioma Bridge and Kalulushi – Lufwanyama Roads.

Notes (continued)

Development Bank of Southern Africa Limited (DBSA) Loan (Continued)

The second addendum to the existing loan was signed on 8 October 2018 in order to amend the clauses related to;

1. **Release of Security** – The Parties agreed to release the Debt Service Account from the Pledge of the project Accounts Agreement and the Insurances from the Assignment of Insurances
2. **Debt Service Reserve Required Level** – Amended to an amount equal to the Debt Service for the period of 12 months.

Maintenance Reserve Account – the Borrower to provide evidence on an annual basis (in a form and substance acceptable to the Lender) confirming that the Guarantor has within 30 (thirty) days after each budget year of the Guarantor allocated an amount not less than 1% (one percent) of the facility for the relevant year.

National Pensions Scheme Authority (NAPSA) Loan

The Agency signed the second Loan Agreement with the National Pension Scheme Authority (NAPSA) on 24 June 2017 for a total of K2.13 billion to finance the rehabilitation and construction of the T2 from Ndola – Kitwe – Chingola to Solwezi. As at 31 December 2018, the whole K2.13 billion had been received by the NRFA from NAPSA. The Loan was secured on the Road Fund Road User Charges (RUCs) Collections. The above Loan Repayment represents Loan Interest Costs incurred during the year 2018.

An addendum to the existing Loan Agreement was signed on 17 July 2019 to contract a further K1.8 billion. The new secured loan increased to K3.9 billion.

The Loan tenure was amended from 10 years to 15 years and repriced to a 15-year Government Bond yield Rate.

National Savings and Credit Bank (NATSAVE) Loan

In December 2019 NRFA accessed a facility of K300 million from National Savings and Credit Bank (NATSAVE) to settle long outstanding debts owed to Routine Maintenance, Small and Medium Scale Local Contractors and Consultants. The Loan carries an interest rate of BoZ Policy Rate 11.5% plus 15.5% margin (effective rate 27% per annum). The facility is repayable in 5 years.

The Loan is secured against monthly cashflow receivables from the following toll stations: Wilson Mofya Chakulya, Livingstone/Zimba, Mkushi, Chiwoko, Sabina, Daniel Munkombwe, Ntoposhi, Musaila, Mweka, Tamiza and Chilonga.

National Savings and Credit Bank (NATSAVE) Stimulus Loan

In October 2020 NRFA accessed the BOZ Stimulus Package through National Savings and Credit Bank (NATSAVE) for an amount of 500 million to settle long outstanding debts owed to Routine Maintenance, Small and Medium Scale Local Contractors and Consultants. The Loan carries an interest rate of BoZ Policy Rate 8% plus 6% margin (effective rate 14% per annum). The facility is repayable in 5 years with a one-year moratorium on Capital.

Notes (continued)

National Savings and Credit Bank (NATSAVE) Stimulus Loan (Continued)

In October 2020 NRFA accessed the BOZ Stimulus Package through National Savings and Credit Bank (NATSAVE) for an amount of 500 million to settle long outstanding debts owed to Routine Maintenance, Small and Medium Scale Local Contractors, and Consultants. The Loan carries an interest rate of BoZ Policy Rate 8% plus 6% margin (effective rate 14% per annum). The facility is repayable in 5 years with a one-year moratorium on Capital.

13. Foreign Exchange Losses/ Gains

	Year ended 31 December 2024 ZMW	Restated Year ended 31 December 2023 ZMW
Exchange Gains	(1,277,780,924)	(3,397,616,610)
Exchange Losses	3,117,356,954	5,869,287,107
Total	<u>1,839,576,030</u>	<u>2,471,670,497</u>

This represents exchange losses incurred in the current year on the translation of foreign-denominated currency transactions and balances whilst an exchange gain was realized in the previous year.

14. Advances to Road Sector Institutions

	Year ended 31 December 2024 ZMW	Restated Year ended 31 December 2023 ZMW
Ministry of Finance and National Planning (MOFNP)	1,137,043	1,137,043
Ministry of Housing and Infrastructure Development (MHID)	2,703,205	2,703,205
Ministry of Local Government (MLG)	31,262,101	27,023,847
Ministry of Transport and Communication (MTC)	7,700,104	7,700,104
Ministry of Works and Supply (MWS)	448,409	448,409
National Council for Construction (NCC)	3,357,308	3,357,308
National Road Fund Agency (NRFA)	2,861,591	2,861,591
Road Development Agency (RDA) - Head Office	700,835,244	1,331,381,058
Road Development Agency (RDA) - Regional Offices	58,648,855	60,005,565
Road Transport and Safety Agency (RTSA)	55,804,225	55,804,225
Zambia National Service (ZNS)	3,200,000	3,200,000
Total	<u>867,958,085</u>	<u>1,495,622,355</u>

Notes *(continued)*

15. Other Receivables

	Year ended 31 December 2024 ZMW	Year ended 31 December 2023 ZMW
Insurance Receivable	38,426	38,426
GRZ Grant Income Receivable DBSA	1,808,999,906	1,155,804,420
GRZ Grant Income Receivable	470,467,733	48,372,581
Road User Charges Receivable	1,870,043,207	-
Ministry of Finance - Bank Balances utilized	16,785	15,451
NRFA Cash Account	49,839	49,839
NATSAVE Loan prepayment	500	58,246
Amounts receivable from contractors	6,239,614	24,479,468
Road Fund	-	763
Non-Exchange Transactions	8,132,308	-
Operational Funding RDA	9,343,155	9,343,155
ZRA Prepayments	-	446,194,042
Total	4,173,331,473	1,684,356,391
MoFNP- Refund for Bank Balances utilized	191,473,292	176,254,147
Provision for bad debt	(196,700,661)	(176,254,147)
Total	4,168,104,104	1,684,356,391

15.1 Ageing Analysis: MoFNP- Refund for Bank Balances utilized (Note 15)

	Days	Years		
5 Years Old	1801 to 2160	2019	191,473,292	176,254,147
Total			191,473,292	176,254,147

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Notes (continued)

	Year Ended 31 December 2024 ZMW	Restated Year Ended 31 December 2023 ZMW
16. Cash and Bank Balances		
Bank of Zambia – DBSA – ZMW	422,374	425,974
Bank of Zambia – DBSA – US \$	-	-
DBSA BoZ Debt Service Reserve – ZMW	746,770	750,370
DBSA BoZ Debt Service Reserve – US\$	-	-
Bank of Zambia-IRCP-US \$	100,151,147	11,449,190
Bank of Zambia – Road Fund – ZMW	433,944,136	108,521
ZANACO – Road Fund – ZMW	10,042,617	262,366,814
ZANACO – Road Fund – US \$	25,748	233,346
ZANCO Tolling Income Account	1,276,251	1,714,446
ZANACO E Prepayment Account	547,921	-
Zanaco Weighbridge Kwacha Income A/C	55,689	587,912
Citibank – NAPSA – ZMW	70,513	70,513
Citibank-NAPSA –ZMW Loan Repayment	-	-
ZANACO – AfDB Nacala IV – ZMW	463	1,138
ZANACO –AfDB Nacala IV – US \$	13,965	12,170
Bank of Zambia –AfDB Nacala IV – US \$	-	-
Natsave Loan Account	-	-
Natsave – Tolling Income	-	-
Indo Zambia Bank – IRCP – ZMW	12,636,534	29,360,024
Indo Zambia Bank – IRCP – US \$	36,107,580	31,137,314
Atlas Mara – EIB – Euro	43,330,988	42,411,574
Atlas Mara – Tolling Income	977,618	1,749,092
Atlas Mara – Weighbridge fees & fines	16,552	1
Stanbic Tolling income Account-ZMW	754,520	3,655,610
Stanbic Tolling income Account-US \$	-	16,969
Sub Total	641,121,386	386,050,978
Bank overdrafts		
DBSA BoZ Debt Service Reserve – ZMW	(300)	(300)
Sub Total	(300)	(300)
Total	641,121,086	386,050,678

The Bank overdrafts arose as a result of bank charges that accrued at the end of the year.

Notes (continued)

17. CWIP - Road Works Construction Costs

	Year Ended 31 December 2024 ZMW	Restated Year Ended 31 December 2023 ZMW
CWIP - Routine Maintenance	548,973,480	471,741,315
CWIP - Periodic Maintenance	6,143,425,171	6,711,808,382
CWIP - Rehabilitation	29,187,955,425	27,222,208,957
CWIP - Upgrading	19,957,232,343	20,650,794,102
CWIP - New Construction	3,549,414,866	3,462,634,670
Total	59,387,001,285	58,519,187,426

18. CWIP- Road Structures Construction Costs

CWIP - Toll Stations	615,313,718	596,086,592
CWIP - Bridges	2,374,611,554	2,266,078,236
CWIP - Weighbridges	65,931,195	65,826,254
Total	3,055,856,467	2,927,991,082

19. CWIP- Interest on Delayed Payments

	Year Ended 31 December 2024 ZMW	Restated Year Ended 31 December 2023 ZMW
CWIP - PM Interest on Delayed Payments	125,353,157	140,352,490
CWIP - Rehab Interest on Delayed Payments	514,227,302	496,839,643
CWIP - Upgrading Interest on Delayed Payments	668,817,156	709,699,554
CWIP - New Construction Interest on Delayed payments	99,276,515	58,422,368
CWIP - Toll Stations Interest on Delayed Payments	98,159	98,159
CWIP - Bridges Interest on Delayed Payments	45,838,478	45,838,479
Total	1,453,610,767	1,451,250,693

20. CWIP - Advances to Contractors and Consultants

Advances - CWIP - Routine Maintenance	1,815,364	297,580
Advances - CWIP - Periodic Maintenance	717,485,351	885,926,754
Advances - CWIP - Rehabilitation	1,552,825,741	1,268,938,557
Advances - CWIP - Upgrading	1,715,611,569	1,872,899,987
Advances - CWIP - New Construction	13,684,119	32,856,399
Advances - CWIP - Toll Stations	926,282	926,282
Advances - CWIP - Bridges	127,966,039	129,952,669
Advances - CWIP - Weighbridges	341,368	341,368
Advances-Emergency Maintenance Works	7,595,132	8,925,895
Total	4,138,250,965	4,201,065,491

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Notes (continued)

21. Property, Plant & Equipment

	Land & Buildings ZMW	Plant & Equipment ZMW	Motor Vehicles ZMW	Office Equipment ZMW	Furniture & fittings ZMW	Total ZMW
Cost						
At 1 January 2023	679,311	11,029,837	19,493,889	4,735,860	1,323,328	37,262,225
Prior Year Adjustment – Note 39.4		(142,339)				(142,339)
Restated	679,311	10,887,498	19,493,889	4,735,860	1,323,328	37,119,886
Additions	-	1,591,583	-	10,862	-	1,602,445
At 31 December 2023	679,311	12,479,081	19,493,889	4,746,722	1,323,328	38,722,331
At 1 January 2024	679,311	12,479,081	19,493,889	4,746,722	1,323,328	38,722,331
Additions	-	116,601	-	588,154	-	704,755
Disposals	-	-	(207,959)	-	-	(207,959)
At 31 December 2024	679,311	12,738,021	19,256,821	5,232,890	1,312,084	39,219,127
Depreciation						
At 1 January 2023	487,144	9,059,103	16,539,790	2,669,485	813,506	29,569,028
Prior Year Adjustment - Note 39.4	(442,989)	(1,005,123)	(1,797,544)	(791,834)	142,586	(3,894,904)
1 January 2023	44,155	8,053,980	14,742,246	1,877,651	956,092	25,674,124
Depreciation Charge	33,966	1,296,233	2,043,087	856,250	129,100	4,358,636
At 31 December 2023	78,121	9,350,213	16,785,333	2,733,901	1,085,192	30,032,760
At 1 January 2024	78,121	9,350,213	16,785,333	2,733,901	1,085,192	30,032,760
Depreciation Charge	13,586	1,586,618	1,951,397	855,177	122,484	4,529,262
Disposals	-	-	(207,959)	-	-	(207,959)
At 31 December 2024	91,707	10,936,831	18,528,771	3,589,078	1,207,676	34,354,063
Net Book value						
At 31 December 2023	601,190	3,271,207	2,679,447	1,910,835	226,892	8,689,571
At 31 December 2024	587,604	1,801,190	728,050	1,643,812	104,408	4,865,064

* The Prior Year Adjustment refers to the difference which arose between the usage of the average annual exchange rates on transaction in prior years as against the current usage of exchange rates at transaction dates in preparation of the financial statements for the year ended 31 December 2024.

All fixed assets above relate to the to the World Bank Improved Rural Connectivity Project Implementation Unit, operating under the Ministry of Infrastructure Housing and Urban Development (MIHUD).

Notes (continued)

22. Other Road Project Costs

	Year Ended 31 December 2024 ZMW	Restated Year Ended 31 December 2023 ZMW
Bank Charges	-	-
Supervision and Consultancy	300,256,326	271,253,671
Feasibility Studies and Designs	416,107,469	410,132,320
Complimentary component	-	-
Resettlement Costs	33,058,400	33,058,400
New Construction	-	-
Accumulated Amortization	-	-
Total	749,422,195	714,444,391

23. Road Works and Services Liabilities

(a) By Contractor Nationality

Foreign Contractors and Consultants - Chinese	7,778,636,765	7,378,069,376
Foreign Contractors and Consultants - Other	1,526,599,166	638,174,111
Total Foreign	9,305,235,931	8,016,243,487
Local Contractors and Consultants	2,931,716,016	3,085,295,843
Total	12,236,951,947	11,101,539,330

(b) By Project(s) – 31 December 2024

	Foreign Chinese ZMW	Foreign other ZMW	Local ZMW	Total ZMW
AfDB - Chinsali - Nakonde	93,841,920	4,789,392	-	98,631,312
AfDB - Kazungula B/Loan	-	974	11,713,174	11,714,148
AfDB - Nacala IV	17,709,188	126,4810	3,352,848	22,326,846
Climate Resilience	-	-	-	-
European Investment Bank	-	-	-	-
EXIM Bank of China	4,389,368,926	-	-	4,389,368,926
JICA	-	-	-	-
KFW	-	-	-	-
World Bank - IRCP	-	1761	567,648	569,409
Road Fund	3,277,716,731	1,520,542,229	2,916,082,346	7,663,678,046
Total	7,778,636,765	1,526,599,166	2,931,716,016	12,236,951,947

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Notes (continued)

(c) By Ageing Analysis

Description	Days	Years	Year Ended 31 December 2024 ZMW	Restated Year Ended 31 December 2023 ZMW
1 Year Old	0 - 360	2021	1,641,947,374	31,418,437
2 Years Old	361 - 720	2020	193,148,926	553,253,864
3 Years Old	721 - 1,080	2019	791,429,535	302,114,818
4 Years Old	1,081 - 1,440	2018	3,411,550,609	2,109,124,551
5 Years Old	1,441 - 1,800	2017	657,201,842	1,814,412,486
6 Years Old	1,801 - 2,160	2016	1,806,023,743	1,337,577,069
7 years Old	2,161-2,420	2015	135,340,193	763,869,445
8 years old and above	2,421+	2014	3,600,309,725	4,189,768,660
Total			<u>12,236,951,947</u>	<u>11,101,539,330</u>

(d) By Agency/Institution

	Year Ended 31 December 2024 ZMW	Restated Year Ended 31 December 2023 ZMW
Ministry of Infrastructure, Housing & Urban Development	2,228,489	2,228,488
Ministry of Local Government and Rural development	1,979,401,399	1,890,126,636
Ministry of Transport and Logistics	1,168,790	1,168,790
Ministry of Works and Supply	55,276	48,600
National Road Fund Agency	60,704,063	10,830,050
Road Development Agency	9,982,167,033	9,097,400,855
Road Transport and Safety Agency	206,207,235	94,565,499
Zambia National Service	5,019,662	5,170,412
	<u>12,236,951,947</u>	<u>11,101,539,330</u>

24. Other Creditors and Accruals

	Year Ended 31 December 2024 ZMW	Year Ended 31 December 2023 ZMW
Loan Interest Payable-Indo Zambia	8,083,946	10,979,438
Amounts payable to NRFA Secretariat	587,456	587,456
Funding payable to NRFA	100,908,283	214,118,294
Funding payable to RTSA	17,951,456	17,951,456
Audit Fees – Financial - Payable	1,142,660	489,809
Other Creditors	63,331,696	41,607,695
Deferred Revenue- prepaid E Tolls	26,112,035	16,314,779
Provision for invoices pending Certification	500,874,180	90,338,127
Provisions	1,725,790	-
Payable to NAPSA project Account	-	2,678,697
Total	<u>720,717,502</u>	<u>395,065,751</u>

Notes (continued)

25. Provisions

	Year Ended 31 December 2024 ZMW	Restated Year Ended 31 December 2024 ZMW
Safricas Zambia Limited	154,809,737	194,959,737
Gomes Haulage Limited	20,380,494	20,380,494
Mahogany Mining Limited	-	3,926,736
Ulendo RINP Plc	15,048,216	15,048,217
Barloworld Equipment Zambia Limited	-	12,943,567
Nawela General Dealers	1,896,693	-
	<u>192,135,140</u>	<u>247,258,751</u>

The provision relates to legal claims brought against the National Road Fund Agency where either judgement has already been passed against the Agency and requires settlement from the Road Fund or management considers the probability that settlement will be required as high.

26. Development Bank of Southern Africa (DBSA) – Loan Arrears Payable Within 1 Year

	Year Ended 31 December 2024 ZMW	Year Ended 31 December 2023 ZMW
26.1 DBSA Loan Principal Arrears		
Balance as originally stated	1,363,774,444	710,006,578
Transfer from DBSA Loan	345,174,582	292,267,127
Exchange Differences	157,905,024	361,500,739
Restated Balance	<u>1,866,854,050</u>	<u>1,363,774,444</u>
	Year Ended 31 December 2024 ZMW	Year Ended 31 December 2023 ZMW
26.2 DBSA Loan Principal Arrears		
Opening Balance	1,155,804,420	511,009,576
Interest Accrued	527,507,089	374,329,163
Exchange Differences	125,688,397	270,465,681
Total	<u>1,808,999,906</u>	<u>1,155,804,420</u>
26.3 Total Loan Principal + Interest Arrears	<u>3,675,853,956</u>	<u>2,519,578,864</u>

Notes (continued)

27. Development Bank of Southern Africa (DBSA) – Loan

The National Road Fund Agency signed a loan agreement with Development Bank of Southern Africa Limited (DBSA) on 22nd December 2010 for a loan facility of US\$ 262.00 million. The Loan Facility was for the construction and rehabilitation of the following three Western Corridor public roads in Zambia of Kalulushi – Lufwanyama, Kabompo – Chavuma and Senanga – Sesheke and the Sioma Bridge. This Single Currency Term Loan Facility is repayable in 20 years and it had the Loan Capital grace period of 12 months with the biannual disbursement dates of 1st April and 1st October, starting on 1st October 2012.

The Loan is payable at London Interbank Offered rate (LIBOR) plus 495 Basis Points, expressed as a percentage rate per annum on the reducing principle amount on 31 March and 30 September each year. Subsequent to the year end, the Interest Rate policy on this loan was changed to Secured Overnight Financing Rate (SOFR).

During 2020, the Government of the Republic of Zambia through the Ministry of Finance and National Planning defaulted on its foreign debt repayment and the DBSA Loan was one of the loans affected by this. The Loan Arrears Payable therefore relate to accumulated Loan Arrears not paid when due and payable within One Year.

The Loan was guaranteed by the Government of the Republic of Zambia through the Minister of Finance and National Planning's signature on the approved loan agreement with Development Bank of Southern Africa Limited (DBSA) on 22nd December 2010 for this loan facility of US\$ 262.00 million.

27.1 Development Bank of Southern Africa (DBSA) – Loan Payable

	Year Ended 31 December 2024 ZMW	Year Ended 31 December 2023 ZMW
Balance at the beginning of the year	2,660,203,390	2,121,333,718
Transfer to Principal Arrears	(345,174,582)	(292,267,127)
Exchange Differences	189,556,305	831,136,799
Balance at the end of the year	<u>2,504,585,113</u>	<u>2,660,203,390</u>
Less: Payable within 1 Year	<u>(385,320,786)</u>	<u>(354,693,785)</u>
Payable over 2 to 15 Years	<u>2,119,264,327</u>	<u>2,305,509,605</u>

Notes (continued)

28. Indo Zambia Loan Payable

	Year Ended 31 December 2024 ZMW	Year Ended 31 December 2023 ZMW
Balance at beginning of the year	362,341,302	444,944,275
Repayments during the year	(94,748,753)	(82,602,973)
Balance as at the end of the year	<u>267,592,549</u>	<u>362,341,302</u>
Balance at the end of the year	267,592,549	362,341,302
Less: Payable within 1 Year	(108,790,949)	(108,790,949)
Payable over 2 to 4 Years	<u>158,801,600</u>	<u>253,550,353</u>

In January 2021 NRFA accessed the BOZ Stimulus Package through Indo Zambia Bank for an amount of K500 million to settle long outstanding debts owed to Routine Maintenance, Small and Medium Scale Local Contractors and Consultants. The Loan carries an interest rate of BoZ Policy Rate 8% plus 6% margin (effective rate 14% per annum). The facility is repayable in 5 years with a one-year moratorium on Capital.

29. NAPSA Loan Payable

	Year Ended 31 December 2024 ZMW	Year Ended 31 December 2023 ZMW
Balance at the beginning of the year	1,029,410,962	4,404,130,540
Repayments during the year	(1,029,410,962)	(3,374,719,578)
Balance at the end of the year	<u>-</u>	<u>1,029,410,962</u>
The NAPSA loan was fully settled in May 2024.		
Balance at the end of the year	-	1,029,410,962
Less: Payable within 1 Year	-	(19,787,198)
Payable over 2 to 15 Years	<u>-</u>	<u>1,009,623,764</u>

The Agency signed the Loan Agreement with the National Pension Scheme Authority (NAPSA) on 24 June 2017 for a total of K2.13 billion to finance the rehabilitation and construction of the T2 from Ndola – Kitwe – Chingola to Solwezi. As at 31 December 2018 the whole K2.13 billion had been received by the NRFA from NAPSA. The Loan was secured on the Road Fund Road User Charges (RUCs) Collections. The Loan was priced at 10-year Government Bond yield plus 1.5% margin.

Notes (continued)

29. NAPSA Loan Payable

An addendum to the existing Loan Agreement was signed on 17 July 2019 to contract a further K1.8billion. The new secured loan increased to K3.9 billion.

The Loan tenure was amended on 17 July 2019 from 10 years to 15 years and repriced to 15-year Government Bond yield Rate. The addendum included an additional 11 roads covering a total of 487.57 kilometres.

Subsequent to the Year End, the full loan balance was redeemed (K3.86 billion on 31 May 2023, K512 million on 23 January 2024 and K517.41 million on 28 March 2024).

30. NATSAVE Loan Payable

	Year Ended 31 December 2024 ZMW	Year Ended 31 December 2023 ZMW
Balance as at beginning of the year	-	177,895,187
Repayments during the year	-	(177,895,187)
Balance at the end of the year	-	-
Balance at the end of the year	-	-
Less: Payable within 1 Year	-	-
Payable over 2 to 4 Years	-	-

In December 2019 NRFA accessed a facility of K300 million from National Savings and Credit Bank (NATSAVE) to settle long outstanding debts owed to Routine Maintenance, Small and Medium Scale Local Contractors and Consultants. The Loan carries an interest rate of BoZ Policy Rate 11.5% plus 15.5% margin (effective fixed rate 27% per annum). The facility is repayable in 5 years.

The Loan is secured against monthly cashflow receivables from the following toll stations: Wilson Mofya Chakulya, Livingstone/Zimba, Mkushi, Chiwoko, Sabina, Daniel Munkombwe, Ntoposhi, Musaila, Mweka, Tamiza and Chilonga.

Subsequent to the Year's End, this loan was fully repaid on 28 February 2023.

Notes (continued)

31. NATSAVE STIMULUS Loan Payable

	Year Ended 31 December 2024 ZMW	Year Ended 31 December 2023 ZMW
Balance as at the beginning of the year	267,020,075	400,457,190
Repayments during the year	(134,872,089)	(133,437,115)
Restated balance at the end of the year	132,147,986	267,020,075
Balance at the end of the year	132,147,986	267,020,075
Less: Payable within 1 Year	(132,147,986)	(135,531,602)
Payable over 2 to 4 Years	-	131,488,473

In October 2020 NRFA accessed the BOZ Stimulus Package through National Savings and Credit Bank (NATSAVE) for an amount of 500 million to settle long outstanding debts owed to Routine Maintenance, Small and Medium Scale Local Contractors, and Consultants. The Loan carries an interest rate of BOZ Policy Rate 8% plus 6% margin (effective fixed rate 14% per annum). The facility is repayable in 5 years with a one-year moratorium on Capital. The Loan is secured against the Road User Charges received into the Road Fund.

32. Retention Costs Payable to Contractors

	Year Ended 31 December 2024 ZMW	Restated Year Ended 31 December 2023 ZMW
Retention - CWIP Periodic Maintenance	372,392,839	403,465,731
Retention - CWIP Rehabilitation	1,194,014,487	1,143,827,927
Retention - CWIP Upgrading	695,618,055	724,316,395
Retention - CWIP New Construction	25,581,546	20,751,767
Retention - CWIP Toll Stations	13,507,122	13,507,122
Retention - CWIP Bridges	68,683,716	66,863,759
Retention - CWIP-Weighbridges	8,610,491	8,610,490
Total	2,378,408,256	2,381,343,191

Retention is withheld on all road contracts in line with the Section of each of the contracts on each Interim Payment Certificate (IPC) and it is due for payment to each respective contractor at the end of the Defect Liability Period (DLP) if no defects were noted during the DLP.

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Notes (continued)

33. Contributed Capital Grant

	Year Ended 31 December 2024 ZMW	Year Ended 31 December 2023 ZMW
Summary Capital Grants Balances		
Road Fund Capital Grant – At the beginning of the year	26,888,482,967	22,882,546,375
Prior Year Adjustment - Note 40.8	-	(63,255,968)
GRZ Project Funding during the year	-	4,069,192,560
Road Fund Capital Grant – At the end of the year	<u>26,888,482,967</u>	<u>26,888,482,967</u>

34. GRZ Capital Grants towards the DBSA Loan

	Year Ended 31 December 2024 ZMW	Restated Year Ended 31 December 2023 ZMW
Capital Grant balance at the end of the year	<u>965,538,452</u>	<u>965,538,452</u>

Reversals from Capital Grants represents capital grants overstated that were corrected during the year.

In line with Section 16 (2) (g) of the NRFA Act No. 13 of 2002, Capital Grants to the Road Fund represent funding received from GRZ towards road projects which are still ongoing and are yet to be handed over to the implementing Agencies namely RDA and MLGRD.

Further, in line with Section 16 (2) (g) of the NRFA Act No. 13 of 2002, Capital Grants towards the DBSA Loan represent funding received from GRZ towards the repayment of the DBSA Loan Capital.

35 Non-Contributed Capital Grant

	Year Ended 31 December 2024 ZMW	Restated Year Ended 31 December 2023 ZMW
35.1 Summary Non-Contributed Capital Grants Balances		
Balance beginning of the year	<u>19,366,924,395</u>	<u>18,648,259,174</u>
Cooperating Partners Project Funding during the year		
Prior Year Adjustment - Note 39.10	-	66,871,834
AfDB - Chinsali - Nakonde	498,535,732	425,916,061
AfDB - Kazungula B/Loan	44,420,335	75,007,606
AfDB - Nacala IV	19,135,123	25,198,386
European Investment Bank	-	-
EXIM Bank of China	-	-
World Bank - IRCP	573,649,387	125,671,334
Restated Balances	<u>1,135,740,577</u>	<u>718,665,221</u>
Balance at the end of the year	<u>20,502,664,972</u>	<u>19,366,924,395</u>

Notes (continued)

35. Non-Contributed Capital Grants

35.2 Non-Contributed Capital Grants Balances

African Development Bank (AfDB)	4,326,890,369	3,764,799,178
European Union/European Investment Bank (EU/EIB)	1,679,428,000	1,679,428,000
Exim Bank of China	12,630,755,014	12,630,755,014
World Bank – IRCP	1,865,591,589	1,291,942,203
Total	20,502,664,972	19,366,924,395

**36. Translation Reserves
World Bank - IRCP**

	Year Ended 31 December 2024 ZMW	Restated Year Ended 31 December 2023 ZMW
Balance at the beginning of the year	(91,517,727)	(91,517,728)
Prior Year Adjustment - Note 39.10	-	(36,392,067)
Additions - World Bank (IRCP)	-	36,392,068
Restated Additions	-	1
Restated Balance at the end of the year	(91,517,727)	(91,517,727)

37. DBSA Loan Reserve

	Year Ended 31 December 2024 ZMW	Year Ended 31 December 2023 ZMW
Loan Reserve	149,111,389	149,111,389
Maintenance Reserve	992,756	992,756
	150,104,145	150,104,145

In accordance with the Loan Agreement signed with DBSA on 22 December 2010, NRFA is required to maintain a Debt Service Reserve and a Maintenance Reserve. The Maintenance Reserve is pegged at 1% of the loan amount of USD262 million for purposes of meeting maintenance costs on the roads financed by the facility as when maintenance falls due. The Debt Service Reserve is for purposes of the debt service required level which can only be drawn down in an event that there are insufficient funds available for the purposes of making a debt service payment which is due and payable under the Agreement.

Notes (continued)

38. Accumulated Reserves

	Year Ended 31 December 2024 ZMW	Restated Year Ended 31 December 2023 ZMW
Opening Balance	3,145,364,230	3,879,919,054
Prior year adjustments - Note 40.1 to 40.7	-	116,365,016
Restated Balance	3,145,364,230	3,996,284,070
Surplus /(Deficit) for the year as originally stated	805,115,657	(820,229,291)
The surplus for the year - World Bank (IRCP)	(7,955,126)	(30,690,549)
Surplus /(Deficit) for the year	797,160,531	(850,919,840)
Closing Balance at the end of the year	3,942,524,760	3,145,364,230

39. Prior Year Adjustments – IPSAS 3

39.1 Cash and Bank

The Cash and Bank balances for Nacala Road Corridor Development Project, Phase IV were overstated by ZMW685 in 2023. In compliance with IPSAS 3 paragraph 54, the Consolidated Financial Statements for 2023 have been restated to correct this error as summarized below.

This adjustment affected the Consolidated Statement of Financial Position and there was no effect on the Statement of Financial Performance.

31 December 2023	Note	Initial Amount	Adjustment	Restated Position
		ZMW	ZMW	ZMW
Cash and Bank	39.1	386,051,663	(685)	386,050,978
Accumulated Reserves		(2,860,511,195)	685	(2,860,510,510)

39.2 CWIP - Road Works Construction Costs

The CWIP - Road Works Construction Costs for Export Import Bank of China Credit, Kazungula Bridge Construction Project and Nacala Road Corridor Development Project, Phase IV were understated by ZMW20,764,310 in 2023. In compliance with IPSAS 3 paragraph 54, the Consolidated Financial Statements for 2023 have been restated to correct this error as summarized below.

This adjustment affected the Consolidated Statement of Financial Position and there was no effect on the Statement of Financial Performance.

31 December 2023	Note	Initial Amount	Adjustment	Restated Position
		ZMW	ZMW	ZMW
CWIP - Road Works Construction Costs	39.2	59,903,737,171	20,764,310	59,924,501,481
Accumulated Reserves		(2,860,510,510)	(20,764,310)	(2,881,274,820)

Notes (continued)

39. Prior Year Adjustments – IPSAS 3

39.3 Advances to Contractors and Consultants

The Advances to Contractors and Consultants for Road Fund and Export Import Bank of China Credit were understated by ZMW54,871,325 in 2023. In compliance with IPSAS 3 paragraph 54, the Consolidated Financial Statements for 2023 have been restated to correct this error as summarized below.

This adjustment affected the Consolidated Statement of Financial Position and there was no effect on the Statement of Financial Performance.

31 December 2023	Note	Initial Amount	Adjustment	Restated Position
		ZMW	ZMW	ZMW
Advances to Contractors and Consultants	39.3	4,146,194,166	54,871,325	4,201,065,491
Accumulated Reserves		(2,881,274,820)	(54,871,325)	(2,936,146,145)

39.4 Property, Plant & Equipment

The Property, Plant & Equipment for World Bank - Improved Rural Connectivity Project were understated by ZMW3,752,565 in 2023. In compliance with IPSAS 3 paragraph 54, the Consolidated Financial Statements for 2023 have been restated to correct this error as summarized below.

This adjustment affected the Consolidated Statement of Financial Position and there was no effect on the Statement of Financial Performance.

31 December 2023	Note	Initial Amount	Adjustment	Restated Position
		ZMW	ZMW	ZMW
Property, Plant & Equipment	39.4	37,262,225	(142,339)	37,119,886
Depreciation	39.4	(29,569,028)	3,894,904	(25,674,124)
Accumulated Reserves		(2,936,146,145)	(3,752,565)	(2,939,898,710)

39.5 Other Road Project Costs

The Other Road Project Costs for Kazungula Bridge Construction Project were understated by ZMW8,151,751 in 2023. In compliance with IPSAS 3 paragraph 54, the Consolidated Financial Statements for 2023 have been restated to correct this error as summarized below.

This adjustment affected the Consolidated Statement of Financial Position and there was no effect on the Statement of Financial Performance.

31 December 2023	Note	Initial Amount	Adjustment	Restated Position
		ZMW	ZMW	ZMW
Other Road Project Costs	39.5	706,292,640	8,151,751	714,444,391
Accumulated Reserves		(2,939,898,710)	(8,151,751)	(2,948,050,461)

Notes (continued)

39. Prior Year Adjustments – IPSAS 3

39.6 Road Works and Services Liabilities

The Consolidated Road Works and Services Liabilities for Road Fund, Kazungula Bridge Construction Project and Nacala Road Corridor Development Project, Phase IV were overstated by ZMW17,890,874 in 2023. In compliance with IPSAS 3 paragraph 54, the Consolidated Financial Statements for 2023 have been restated to correct this error as summarized below.

This adjustment affected the Consolidated Statement of Financial Position and there was no effect on the Statement of Financial Performance.

31 December 2023	Note	Initial Amount	Adjustment	Restated Position
		ZMW	ZMW	ZMW
Road Works and Services Liabilities	39.6	(11,119,430,204)	17,890,874	(11,101,539,330)
Accumulated Reserves		(2,948,050,461)	(17,890,874)	(2,965,941,335)

39.7 Provisions

The Provisions for Road Fund were overstated by ZMW124,374,371 in 2023. In compliance with IPSAS 3 paragraph 54, the Consolidated Financial Statements for 2023 have been restated to correct this error as summarized below.

This adjustment affected the Consolidated Statement of Financial Performance and Statement of Financial Position.

31 December 2023	Note	Initial Amount	Adjustment	Restated Position
		ZMW	ZMW	ZMW
Provisions	39.7	(371,633,122)	124,374,371	(247,258,751)
Professional and Legal Fees		(2,965,941,335)	(124,374,371)	(3,090,315,706)

39.8 Retention Costs Payable to Contractors

The Retention Costs Payable to Contractors for Export Import Bank of China Credit, Kazungula Bridge Construction Project and Nacala Road Corridor Development Project, Phase IV were overstated by ZMW22,272,323 in 2023. In compliance with IPSAS 3 paragraph 54, the Consolidated Financial Statements for 2023 have been restated to correct this error as summarized below.

This adjustment affected the Consolidated Statement of Financial Position and there was no effect on the Statement of Financial Performance.

31 December 2023	Note	Initial Amount	Adjustment	Restated Position
		ZMW	ZMW	ZMW
Retention Costs Payable to Contractors	39.8	(2,403,615,514)	22,272,323	(2,381,343,191)
Accumulated Reserves		(3,090,315,706)	(22,272,323)	(3,112,588,029)

Notes (continued)

39. Prior Year Adjustments – IPSAS 3

39.9 Contributed Capital Grants

The Contributed Capital Grants for Road Fund were overstated by ZMW63,255,968 in 2023. In compliance with IPSAS 3 paragraph 54, the Consolidated Financial Statements for 2023 have been restated to correct this error as summarized below.

This adjustment affected the Consolidated Statement of Financial Position and there was no effect on the Statement of Financial Performance.

31 December 2023	Note	Initial Amount	Adjustment	Restated Position
		ZMW	ZMW	ZMW
Contributed Capital Grants	39.9	(26,951,738,935)	63,255,968	(26,888,482,967)
Advances to Contractors and Consultants		4,752,531,944	(63,255,968)	4,689,275,976

39.10 Non - Contributed Capital Grants

The Non - Contributed Capital Grants for Kazungula Bridge Construction Project and World Bank - Improved Rural Connectivity Project were understated by ZMW66,871,834 in 2023. In compliance with IPSAS 3 paragraph 54, the Consolidated Financial Statements for 2023 have been restated to correct this error as summarized below.

This adjustment affected the Consolidated Statement of Financial Position and there was no effect on the Statement of Financial Performance.

31 December 2023	Note	Initial Amount	Adjustment	Restated Position
		ZMW	ZMW	ZMW
Non - Contributed Capital Grants	39.10	(19,300,052,561)	(66,871,834)	(19,366,924,395)
Accumulated Reserves		(3,175,843,997)	66,871,834	(3,108,972,163)

39.11 Translation Reserves

The Translation Reserves for World Bank - Improved Rural Connectivity Project were understated by ZMW36,392,067 in 2023. In compliance with IPSAS 3 paragraph 54, the Consolidated Financial Statements for 2023 have been restated to correct this error as summarized below.

This adjustment affected the Consolidated Statement of Financial Position and there was no effect on the Statement of Financial Performance.

31 December 2023	Note	Initial Amount	Adjustment	Restated Position
		ZMW	ZMW	ZMW
Translation Reserves	39.11	55,125,660	36,392,067	91,517,727
Accumulated Reserves		(3,108,972,163)	(36,392,067)	(3,145,364,230)

Notes (continued)

39.12 Foreign Exchange Gains

The Foreign Exchange Gains for Export Import Bank of China Credit, Kazungula Bridge Construction Project, Nacala Road Corridor Development Project, Phase IV and World Bank - Improved Rural Connectivity Project were understated by ZMW44,113,648 in 2023. In compliance with IPSAS 3 paragraph 54, the Consolidated Financial Statements for 2023 have been restated to correct this error as summarized below.

This adjustment affected the Consolidated Statement of Financial Performance and the Statement of Financial Position.

31 December 2023	Note	Initial Amount	Adjustment	Restated Position
		ZMW	ZMW	ZMW
Cash and Bank		386,050,641	(337)	386,050,978
CWIP - Road Works Construction Costs		59,895,727,761	(28,773,720)	59,924,501,481
Advances to Contractors and Consultants		4,136,324,228	64,741,263	4,201,065,491
Property, Plant & Equipment		4,937,006	3,752,565	8,689,571
Other Road Project Costs		714,444,390	1	8,689,571
Road Works and Services Liabilities		(11,101,221,475)	(317,855)	(11,101,539,330)
Retention Costs Payable to Contractors		(2,416,534,691)	35,191,500	(2,381,343,191)
Non - Contributed Capital Grants		(19,300,052,561)	(66,871,834)	(19,366,924,395)
Translation Reserves		55,125,660	36,392,067	91,517,727
Other Creditors and Accruals		597,236,992	(2)	597,236,990
Foreign Exchange Gains		(3,326,775,760)	(44,113,648)	(3,370,889,408)

40. Prior Year Adjustments – IPSAS 3

40.1 Cash and Bank

The Cash and Bank balances for the Nacala Road Development Project, Phase IV were overstated by ZMW348 in 2022. In compliance with IPSAS 3 paragraph 54, the Consolidated Financial Statements for 2022 have been restated to correct this error as summarized below.

This adjustment affected the Consolidated Statement of Financial Position and there was no effect on the Statement of Financial Performance.

31 December 2022	Note	Initial Amount	Adjustment	Restated Position
		ZMW	ZMW	ZMW
Cash and Bank	40.1	459,952,173	(348)	459,951,825
Accumulated Reserves		(3,879,919,054)	348	(3,879,918,706)

Notes (continued)

40. Prior Year Adjustments – IPSAS 3

40.2 CWIP - Road Works Construction Costs

The CWIP - Road Works Construction Costs for the Kazungula Bridge Construction Project and Nacala Road Corridor Development Project, Phase IV were understated by ZMW49,538,030 in 2022. In compliance with IPSAS 3 paragraph 54, the Consolidated Financial Statements for 2022 have been restated to correct this error as summarized below.

This adjustment affected the Consolidated Statement of Financial Position, and there was no effect on the Statement of Financial Performance.

31 December 2022	Note	Initial Amount	Adjustment	Restated Position
		ZMW	ZMW	ZMW
CWIP - Road Works Construction Costs	40.2	36,411,332,223	49,538,030	36,460,870,253
Accumulated Reserves		(3,879,918,706)	(49,538,030)	(3,929,456,736)

40.3 Advances to Contractors and Consultants

The Advances to Contractors and Consultants for the Export Import Bank of China Credit were understated by ZMW53,386,030 in 2022. In compliance with IPSAS 3 paragraph 54, the Consolidated Financial Statements for 2022 have been restated to correct this error as summarized below.

This adjustment affected the Consolidated Statement of Financial Position and there was no effect on the Statement of Financial Performance.

31 December 2022	Note	Initial Amount	Adjustment	Restated Position
		ZMW	ZMW	ZMW
Advances to Contractors and Consultants	40.3	4,699,145,914	53,386,030	4,752,531,944
Accumulated Reserves		(3,929,456,736)	(53,386,030)	(3,982,842,766)

40.4 Other Road Project Costs

The Other Road Project Costs for the Kazungula Bridge Construction Project were understated by ZMW8,151,750 in 2022. In compliance with IPSAS 3 paragraph 54, the Consolidated Financial Statements for 2022 have been restated to correct this error as summarized below.

This adjustment affected the Consolidated Statement of Financial Position and there was no effect on the Statement of Financial Performance.

31 December 2022	Note	Initial Amount	Adjustment	Restated Position
		ZMW	ZMW	ZMW
Other Road Project Costs	40.4	629,081,843	8,151,750	637,233,593
Accumulated Reserves		(3,982,842,766)	(8,151,750)	(3,990,994,516)

Notes (continued)

40. Prior Year Adjustments – IPSAS 3

40.5 Road Works and Services Liabilities

The Road Works and Services Liabilities for the Road Fund, Export Import Bank of China Credit, Kazungula Bridge Construction Project and Nacala Road Corridor Development Project, Phase IV were overstated by ZMW18,208,729 in 2022. In compliance with IPSAS 3 paragraph 54, the Consolidated Financial Statements for 2022 have been restated to correct this error as summarized below.

This adjustment affected the Consolidated Statement of Financial Position. and there was no effect on the Statement of Financial Performance.

31 December 2022	Note	Initial Amount	Adjustment	Restated Position
		ZMW	ZMW	ZMW
Road Works and Services Liabilities	40.5	(10,630,190,125)	18,208,729	(10,611,981,396)
Accumulated Reserves		(3,990,994,516)	(18,208,729)	(4,009,203,245)

40.6 Other Creditors and Accruals

The Other Creditors and Accruals for Export Import Bank of China Credit and Nacala Road Corridor Development Project, Phase IV were overstated by ZMW2 in 2022. In compliance with IPSAS 3 paragraph 54, the Consolidated Financial Statements for 2022 have been restated to correct this error as summarized below.

This adjustment affected the Consolidated Statement of Financial Position and there was no effect on the Statement of Financial Performance.

31 December 2022	Note	Initial Amount	Adjustment	Restated Position
		ZMW	ZMW	ZMW
Other Creditors and Accruals	40.6	(597,236,992)	2	(597,236,990)
Accumulated Reserves		(4,009,203,245)	(2)	(4,009,203,247)

40.7 Retention Costs Payable to Contractors

The Retention Costs Payable to Contractors for Kazungula Bridge Construction Project and Nacala Road Corridor Development Project, Phase IV were understated by ZMW12,919,177 in 2022. In compliance with IPSAS 3 paragraph 54, the Consolidated Financial Statements for 2022 have been restated to correct this error as summarized below.

This adjustment affected the Consolidated Statement of Financial Position and there was no effect on the Statement of Financial Performance.

31 December 2022	Note	Initial Amount	Adjustment	Restated Position
		ZMW	ZMW	ZMW
Retention Costs Payable to Contractors	40.7	(2,361,433,247)	(12,919,177)	(2,374,352,424)
Accumulated Reserves		(4,009,203,247)	12,919,177	(3,996,284,070)

Notes (continued)

40. Prior Year Adjustments – IPSAS 3

40.8 Contributed Capital Grants

The Contributed Capital Grants to Road Fund were overstated by ZMW63,255,968 in 2022. In compliance with IPSAS 3 paragraph 54, the Consolidated Financial Statements for 2022 have been restated to correct this error as summarized below.

This adjustment affected the Consolidated Statement of Financial Position and there was no effect on the Statement of Financial Performance.

31 December 2022	Note	Initial Amount	Adjustment	Restated Position
		ZMW	ZMW	ZMW
Advances to Contractors and Consultants	40.8	4,752,531,944	(63,255,968)	4,689,275,976
Capital Grants		(22,882,546,375)	63,255,968	(22,819,290,407)

41. Related Party Transactions

	Year Ended 31 December 2024 ZMW	Year Ended 31 December 2023 ZMW
41.1 Advances to and receivables from related parties		
Ministry of Finance and National Planning	1,137,043	1,137,043
Ministry of Infrastructure Housing and Urban Development	2,703,205	2,703,205
Ministry of Local Government and Rural Development	31,262,101	27,023,847
Ministry of Transport and Logistics	7,700,104	7,700,104
Ministry of Works and Supply (MWS)	448,409	448,409
National Council for Construction (NCC)	3,357,308	3,357,308
National Road Fund Agency (NRFA)	2,861,591	2,861,591
Road Development Agency (RDA) - Head Office	700,835,244	1,331,381,058
Road Development Agency (RDA) - Regional Offices	58,648,855	106,035,560
Road Transport and Safety Agency (RTSA)	55,804,225	55,804,225
Zambia National Service (ZNS)	3,200,000	3,200,000
	867,958,085	1,495,622,355

Notes (continued)

41. Related Party Transactions

41.2 Other Receivables

	Year Ended 31 December 2024 ZMW	Year Ended 31 December 2023 ZMW
GRZ Grant Income Receivable-DBSA Loan	1,808,999,906	1,155,804,420
GRZ Grant Income Receivable	417,053,510	763
Insurance Receivable	38,425	38,426
NRFA Cash Account	49,839	49,839
Operational Funding RDA	9,343,155	9,343,155
Sub Total	2,235,484,835	1,165,236,603
MoFNP- Refund for Bank Balances utilized	191,473,292	176,254,147
Provision for bad debt	(196,700,660)	(176,254,147)
Total	2,230,257,467	1,165,236,603

Amounts payable to Related Parties

	Year Ended 31 December 2024 ZMW	Year Ended 31 December 2023 ZMW
Amounts payable to NRFA Secretariat	587,456	587,456
Operational Funding payable to NRFA Secretariat	100,908,283	219,118,293
Operational Funding payable to RDA	-	-
Operational Funding payable to RTSA	17,951,457	17,951,457
Deferred Revenue- prepaid E Tolls	26,112,034	16,314,779
Other Creditors	-	24,047
NAPSA Project Account Payables	-	2,678,697
Sub -Total	145,559,230	256,674,729

The tables above represent transactions with related parties represented by the Road Sector Agencies, Institutions and Ministries which are budgeted for under the Road Sector Annual Work Plans and Budget as approved.

42. Events occurring after the Statement of Financial Position

The National Road Fund is not aware of any matter or circumstances since the financial year end and the date of this report, not otherwise dealt with in the consolidated financial statements, which significantly affects the consolidated financial position of the National Road Fund and the results of its operations.

43. Commitments

The Government of the Republic of Zambia (GRZ) through its Road Sector Implementing Agencies, Road Development Agency (RDA), and the Ministry of Local Government (MLG) signs contracts for works with various contractors and consultants. Upon completion and certification of works, Interim Payment Certificates (IPCs) are raised which are forwarded to NRFA for payment. The Capital expenditure contracted for at the reporting date but not recognized in the consolidated financial statements is ZMW9.287 billion.

Notes (continued)

44 Contingencies

44.1 Contingent Liabilities

Legal Proceedings

The following represent legal claims against the Road Fund which have not been concluded as at 31 December 2024:

44.2 Ulendo RINP PLC v. National Road Fund Agency

By a Writ of Summons and Statement of Claim dated 22nd May 2018, Ulendo sued NRFA for the sum of **ZMW15,048,215.69**. It is alleged by Ulendo that the parties had entered into a Memorandum of Understanding whereby Interim Payment Certificates in favour of Contractors were discounted by Ulendo and as a result thereof, NRFA had a duty to pay Ulendo as opposed to the Contractors, on all discounted Interim Payment Certificates, which payment has not been made. NRFA has since filed a defence and counterclaim for the sum of **ZMW225,325.72** being an overpayment made to Ulendo.

Ulendo RINP PLC has since been placed under Receivership. NRFA awaits communication from the Receiver on the way forward.

44.3 Safricas Zambia Limited vs Barloworld Equipment Zambia Limited vs National Road Fund Agency

In 2021, Safricas sued Barloworld for delivery of equipment purchased under a rental with an obligation to purchase agreement or alternatively a refund in the sum of USD 876,248.21.

In the event that Safricas were to succeed in its claim, the estimated exposure to NRFA would be USD 352,849, which amount NRFA is holding on behalf of Barloworld and ZMW 250,000 for legal fees.

44.4 Continental Labor Based Road Contractors Vs National Road Fund Agency

Continental Labor Based Road Contractors were contracted by the Ministry of Local Government and Housing Development for Periodic maintenance of 52.2KM of Musele-Kutata-Sobing road in Luwingu. The contractors allege that at the time of termination of the said contract, they were being owed an amount of **ZMW256,246,702**.

As at the signing date of this report, ruling has been passed in favour of Continental Labour Based Road Contractors at an amount of **ZMW124,374,371.59**. This amount was however reversed from the provisions as an adjustment as the liability was already recognized as under CWIP and the Agency has been dismantling this amount.

For the balance of **ZMW131,872,330.73**, the ruling was passed in favor of NRFA on the 23rd day of January 2025.

44.5 Nawela General Dealers Vs National Road Fund Agency

Nawela General Dealers was contracted by Ministry of Local Government and Rural Development for Periodic Maintenance of Selected Feeder Roads in Kasama. The contractor has taken the Agency to court claiming interest on delayed payments. In the event that Nawela General Dealers were to succeed in its claim, the estimated exposure to NRFA would be **ZMW 1,896,693.70**.

Notes *(continued)*

45. Comparative Figures

Where necessary, figures for the prior periods or years have been restated to afford easy comparison with the current period or year figures and to take into account the correction of prior year period errors and changes in accounting policies.



NATIONAL ROAD FUND AGENCY

SECRETARIAT
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024



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KEY INFORMATION

1. Background information

The National Road Fund Agency was established by the National Road Fund (NRFA) Act No. 13 of 2002 Section 3 as a body corporate with perpetual succession and a common seal, capable of suing and of being sued in its corporate name, and with powers, subject to the provisions of the Act, to do all such acts and things as a body corporate may by law do or perform.

According to Part II, Section 4 of the National Road Fund Act, the key functions of the Agency are, among others to:

- a) Administer and manage the Road Fund;
- b) Prepare and publish audited annual accounts of the Road Fund
- c) Recommend to the Minister Fuel Levy and other road user charges and tariffs as required.
- d) Recommend to the Minister projects for funding;
- e) Allocate resources –
 - i) For the construction, maintenance, and rehabilitation of roads based on a percentage of the annual work programme of the Road Development Agency;
 - ii) For road transport, traffic, and safety management based on a percentage of the annual work programme of the Road Transport and Safety Agency;
- f) In consultation with the Road Development Agency, recommend funding for the development of new roads; and
- g) Undertake such other activities as are conducive or incidental to its functions under this Act.

Pursuant to the Tolls Act No. 14 of 2011 which mandates the Road Development Agency (RDA) to appoint any suitable person(s) as Toll Collector, the Government through the Road Development Agency appointed the National Road Fund Agency (NRFA) as lead Toll collector in August 2015.

In this regard, RDA appointed NRFA as the authorized Toll Collector for inland Toll sites in line with Statutory Instrument No. 73 of 2013 (hereinafter referred to as Tolling regulation) under first schedule (Regulation 3). In addition, NRFA was mandated to collect toll fees at the port of entry in accordance with the provisions of the Toll Act.

2. Principal Activities

The NRFA is a statutory organization whose function is to plan, manage and coordinate finances for the activities in the annual work plans of the Government Agencies/Institutions in the Road sector.

3. Agency Operational Funding Source

According to Part IV, Section 17(c) The Agency shall apply the monies of the Road Fund, for the Operations of the Agency, the Road Development Agency, and the Road Transport and Safety Agency: Provided that the monies paid out of the Road Fund for the operations of the three Agencies shall not exceed ten per centum of the monies paid into the Road Fund.

In addition, according to Part V, Section 18 (1), the funds of the Agency shall consist of such monies as may:

- a) Be appropriated to the Agency by Parliament for the purposes of the Agency;
- b) With the approval of the Minister, be allocated to the Agency from the Road Fund;
- c) Be paid to the Agency by way of loans, grants, or donations; and
- d) Vest in or accrue to the Agency.

Further, according to Section 18(2), the Agency may:

- a) accept monies by way of grants or donations from any source in Zambia and subject to the approval of the Minister, from any source outside Zambia; and
- b) subject to the approval of the Minister raise by way of loans or otherwise, such monies as it may require for the discharge of its functions.

4. Agency Operational Expenditure

According to Part V, Section 18 (3) there shall be paid from the funds of the Agency:

- a) salaries, allowances, loans, gratuities, and pensions of staff of the Agency and other payments for the recruitment and retention of staff;
- b) such reasonable traveling and subsistence allowances for members and members of any committee of the Agency when engaged in the business of the Agency and at such rates as the Agency may, with the approval of the Minister, determine; and
- c) any other expenses incurred by the Agency in the performance of its functions.

5. Agency Investment Function

Further, in Part V, Section 18 (4) the Agency may, with the approval of the Minister, invest in such manners as it thinks fit such of its funds as it does not immediately require for the discharge of its functions.

6. Directors

i) Mr. Noel Nkoma	Chairperson- Appointed on 2 April 2024
ii) Ms. Avet Mulonga	Chairperson – Resigned on 26 January 2024
iii) Mr. Joseph Malisawa	Vice Chairperson
iv) Mr. Robert M. Malasha	Director
v) Mrs. Agalasia Mary-Ann Chisenga	Director - Resigned in December 2024
vi) Dr. Edna Kalaba	Director
vii) Mr. Vincent Linyama	Director
viii) Ms. Jacqueline Cornhill Jhala	Director
ix) Mr. Ismail Mulla	Director
x) Ms. Nsandi Manza	Director - Resigned on 18 March 2024
xi) Mr. Hector Sampa	Director - Appointed on 18 March 2024
xii) Mr. Stephen Mbewe	Director
xiii) Ms. Wendy Mukape	Director
xiv) Mr. Francis Mundanya	Director
xv) Eng. Amon Mweemba	Ex-Officio
xvi) Eng. Grace Mutembo	Ex-Officio - Resigned on 3 September 2024
xvii) Eng. Jhairos Mhango	Ex-Officio - Appointed on 3 September 2024
xviii) Eng. Wallece Mumba	Director /CEO – Separated on 31 January 2024
xix) Mr. Daniel Mtonga	Acting Director/CEO-Appointed on 31 January 2024

7. Operating Results

	2024 ZMW	2023 ZMW
Revenue	553,731,812	497,375,613
Surplus for the year	32,738,118	97,012,620

8. Remuneration to the Board of Directors

	<u>Allowances and other costs</u>	
	2024	2023
	ZMW	ZMW
Total Expenditure	3,911,805	2,606,869

Boards' Remuneration are fees for service as Directors

9. Management Remuneration

	<u>Staff Emoluments & Allowances</u>	
	2024	2023
	ZMW	ZMW
Total Expenditure	19,377,825	13,618,054

Management remuneration includes salaries and other short-term employment benefits relating to the Heads of Department and the Office of Director/CEO.

10. Loans to key Management Personnel

	2024	2023
	ZMW	ZMW
At the start of the year	15,000	90,000
Salary advanced during the year	338,000	307,000
Repaid during the year	(181,000)	(382,000)
	172,000	15,000

Key management personnel include Executive Directors and members of Senior Management.

11. Staff Level and Remuneration

	<u>Employees</u>		<u>Staff Salaries and Allowances</u>	
	2024	2023	2024	2023
Month	No.	No.	ZMW	ZMW
January	801	790	19,780,836	16,272,005
February	796	790	19,243,170	16,400,127
March	793	794	19,679,854	16,263,156
April	796	793	19,389,627	15,472,514
May	792	794	20,902,203	17,746,149
June	792	794	43,202,289	29,552,582
July	790	793	26,061,638	19,012,408
August	791	790	24,350,947	17,960,357
September	789	788	22,949,760	17,870,642
October	789	786	24,946,830	16,686,227
November	788	795	22,741,308	20,955,799
December	666	800	23,574,548	20,665,252
Total			286,823,010	224,857,218

Staff salaries and allowances include all allowances such as sitting allowances, fuel and transport allowances which passes through the payroll for tax purposes and they form part of employment expenses under note 12 in the financial statements.

The Agency recognises its responsibility regarding the occupational health, safety and welfare of its employees and has put in place measures to safeguard them.

12. Staff Pension

	2024 ZMW	2023 ZMW
Total	12,655,227	8,948,794

Pension benefit charge for the year relates to services costs incurred on the unfunded pension benefit scheme for the staff on permanent and pensionable basis as per actuarial valuation.

13. Gifts and donations

During the year, the Agency did not make any donations (2023: Nil) to charitable organisations.

14. Exports

During the year, the Agency did not export any goods or services out of Zambia.

15. Property and equipment

The Agency purchased property and equipment amounting to **K30.77million** (2023: K17.03 million) during the year. Disposals during the year amounted to **K13.67million** (2023: nil). In the opinion of the directors, the carrying value of property and equipment is not less than its recoverable amount.

16. Research and development

During the year, the Agency did not incur any costs for research and development (2023: Nil).

17. Other material facts, circumstances, and events

The Directors are not aware of any material fact, circumstance, or event which occurred between the accounting date and the date of this report which might influence an assessment of the Agency's financial position or the results of its operations.

18. Annual financial statements

The annual financial statements set out on pages 11 to 42 have been approved by the Directors.

19. Independent Auditors

BDO Zambia Audit Services
 The Gallery Office Park,
 Lagos Road,
 Roads Park,
 P. O. Box 35139
 Lusaka, Zambia

STATEMENT OF DIRECTORS' RESPONSIBILITY

The NRFA Act section 20 requires the Directors to prepare Financial Statements for each financial year that gives a true and fair view of the state of affairs of the National Road Fund Agency (NRFA) operations as at the end of the financial year and of its surplus or deficit. It also requires the Directors to ensure that the Secretariat keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Agency. They are also responsible for safeguarding the assets of the Agency.

The Financial Statements are prepared in accordance with the Accruals Basis International Public Sector Accounting Standards (IPSAS) and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

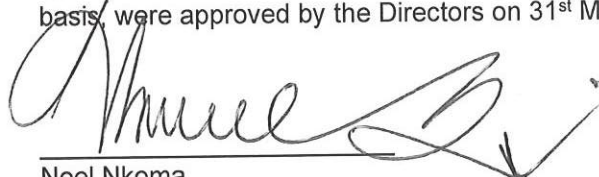
The Directors acknowledge that they are ultimately responsible for the system of internal financial controls established by the Agency and place considerable importance on maintaining a strong control environment. To enable the Directors to meet these responsibilities, the Directors set standards for internal controls aimed at reducing the risk of error or loss in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures, and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Agency and all employees are required to maintain the highest ethical standards in ensuring the Agency's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Agency is on identifying, assessing, managing, and monitoring all known forms of risk across the Agency. While operating risk cannot be fully eliminated, the Agency endeavours to minimize it by ensuring that appropriate infrastructure, controls, systems, and ethical behaviour are applied and managed within predetermined procedures and constraints.

The Directors are of the opinion, based on the information and explanations given by management, that the system of internal controls provides reasonable assurance that the financial records may be relied on for the preparation of the Financial Statements. However, any system of internal financial controls can provide only reasonable, and not absolute, assurance against material misstatement or loss.

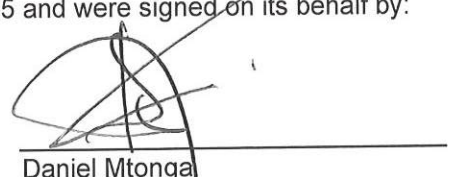
The Directors have reviewed the Agency's cash flow forecast for the year to 30 April 2026 and, in the light of this review and the current financial position, they are satisfied that the Secretariat has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the Secretariat's Financial Statements. The Financial Statements have been examined and the report is presented on pages 11 to 42.

The Financial Statements set out on pages 11 to 42, which have been prepared on the going concern basis, were approved by the Directors on 31st March 2025 and were signed on its behalf by:



Noel Nkoma
Board Chairperson



Daniel Mtonga
Acting Director/Chief Executive Officer

INDEPENDENT AUDITOR'S REPORT

To the member of National Road Fund Agency

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of National Road Fund Agency - Secretariat, which comprise:

- the statement of financial position as at December 31, 2024;
- the statement of comprehensive income, statement of changes in equity, and statement of cash flows for the year then ended; and
- notes to the financial statements, including material accounting policy information.

In our opinion the accompanying financial statements present fairly, in all material respects, the financial position of the National Road Fund Agency - Secretariat as at December 31, 2024, and its financial performance and its cash flows for the year then ended in accordance with Accruals Basis International Public Sector Accounting Standards (IPSASs) as issued by the International Public Sector Accounting Standards Board (IPSASB).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the National Road Fund Agency - Secretariat in accordance with the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), as applicable to audits of financial statements of public interest entities, together with the ethical requirements that are relevant to audits of the financial statements of public interest entities in Zambia. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KEY AUDIT MATTER

AUDIT RESPONSE

1 Valuation of the defined benefits obligation

The Agency operates a defined benefit scheme which in total are significant in the context of both the overall balance sheet and results of the Agency. The valuations of the pension obligations are calculated with reference to a number of actuarial assumptions and inputs including discount rate, rate of inflation, salary increase, and mortality rates. The treatment of curtailments, settlements, past service costs and measurements, and other amendments can significantly impact the balance sheet and results of the Agency. Small changes in assumptions can result in material impacts on the net pension liability or asset.

Our audit procedures included:
In our audit, we have involved our technical defined benefit specialist to assess the appropriateness of the actuarial assumptions and calculations performed by the Agency's Actuarial Consultant.
We obtained the report from management that was prepared by a professional Actuarial consultant (ZENIX) and performed the following procedures:

- We performed re-computations of the defined benefits obligation.

The treatment of curtailments, settlements, past service costs and measurements, and other amendments can significantly impact the balance sheet and results of the Agency. Small changes in assumptions can result in material impacts on the net pension liability or asset.

As of 31 December 2024, recorded the following:

- Current service cost recognized in the income statement amounted to ZMW6,604,359 (2023: ZMW 4,407,367).
- The net interest cost amounted to ZMW 6,050,868 (2023: ZMW 4,541,427).
- The defined benefits obligation recognized in the statement of financial position amounted to ZMW 31,399,401 (2023: ZMW 21,349,733)

We obtained the report from management that was prepared by a professional Actuarial consultant (ZENIX) and performed the following procedures:

- We performed re-computations of the defined benefits obligation.
- Using a challenger model, we considered the completeness and accuracy of the disclosures relating to pension plans to assess compliance with disclosure requirements included in the financial statements.
- We critically assessed the discount rate applied.
- We also established that other assumptions were consistently applied compared to market developments.

Refer to note 27 of the accompanying financial statements.

KEY AUDIT MATTER	AUDIT RESPONSE
2 Overstatement and Non Compliance with Public Private Partnership Expenditure	
There is a risk that the agency may not have complied with the labor laws and may have inflated the amount for personal gain. • Overstatement of PPP could have occurred during the computation and assumptions used to arrive at the amount paid which could necessitate theft. This can be by colluding with employees separating with the agency to inflate cost on separation benefits. • Management may not have complied with the labor laws when computing the PPP separation package which could expose the agency.	Our audit procedures included: • We documented the nature of the balance and ensured that the computation is in line with the labour laws and conditions of services. • We recomputed amount paid to each individual sampled based on the assumption provided and used by the agency and obtained support documentations concerning the PPP transitions (Letters, contracts, agreements and approvals) • We checked for compliance with the laws and regulations around redundancy pay. Refer to note 13 of the accompanying financial statements.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statement

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Accruals Basis International Public Sector Accounting Standards (IPSASs) as issued by the International Public Sector Accounting Standards Board (IPSASB), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the National Road Fund Agency - Secretariat ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the National Road Fund Agency - Secretariat or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the National Road Fund Agency - Secretariat's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the National Road Fund Agency - Secretariat's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the National Road Fund Agency - Secretariat to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

i. In accordance with the requirements of the National Road Fund Act No. 13 of 2002 and National Road Fund (Amendment) Act, 2006 (the Act), we report that in our opinion:

- a. National Road Fund Agency, Funds have been used in accordance with the Act;
- b. Goods and services financed have been procured in accordance with the Act;
- c. All necessary supporting documents, records, and accounts have been kept in respect of the Fund activities, and all information and explanations needed for the audit have been obtained.
- d. As soon as practicable, but not later than ninety days after the end of the financial year, the agency shall submit to the minister a report concerning its activities during the financial year. We report that the Agency has not complied with this requirement as they did not submit the financial statements within the stipulated time frame

The engagement partner on the audit resulting in this independent auditor's report is Tinashe Jerahuni

BDO

BDO Zambia Audit Services

T. Jerahuni

T. Jerahuni

Partner

AUD/F008775

Date: 09 APR 2025

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Statement of financial performance

	Note	Year ended 31 December 2024 ZMW	Year ended 31 December 2023 ZMW
Revenue			
Parliamentary Appropriation Grant	5	12,520,353	12,520,388
Operational Grant	6	149,936,105	120,000,000
Tolling Project Grant	7	323,982,444	345,730,000
Supplementary funding PPP	8	58,165,794	-
Amortization of Capital Grants	9	9,127,116	19,128,225
		<u>553,731,812</u>	<u>497,375,613</u>
Expenses			
Board Remunerations	10	3,911,805	2,606,869
Depreciation and Amortization Expense	11	20,688,945	22,185,996
Employment Expenses	12	297,060,696	240,808,877
General Expenses	13	109,349,362	36,739,704
Repairs and Maintenance	14	1,928,547	1,948,336
Tolling Operational Expenses	15	88,199,476	97,644,833
Total Expenses		<u>521,138,831</u>	<u>401,934,615</u>
Operating Surplus		32,592,981	95,440,998
Other Revenue			
Sundry Income	16	1,353,664	337,851
Surplus Before Other Comprehensive Income		33,946,645	95,778,849
Other Comprehensive Income			
Actuarial re-measurement (loss)/gains	17	(1,208,527)	1,233,771
Surplus After Other Comprehensive Income	18	<u>32,738,118</u>	<u>97,012,620</u>

The notes set out on pages 18 to 42 form an integral part of these Financial Statements

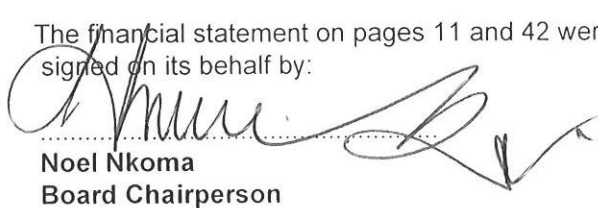
NATIONAL ROAD FUND AGENCY
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For the year ended 31 December 2024

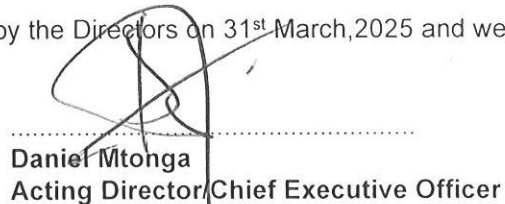
Statement of financial position

	Notes	Year ended 31 December 2024 ZMW	Year ended 31 December 2023 ZMW
Assets			
Non-Current Assets			
Property, plant and equipment	20	66,914,520	58,739,894
Intangible Assets	21	36,950,083	35,970,227
		103,864,603	94,710,121
Current Assets			
Cash and cash equivalents	22	5,166,143	2,355,951
Staff Advances and Receivables	23	1,466,875	1,151,895
Grant Receivable	24	171,308,039	167,653,431
Inventories	25	3,319,984	1,718,557
Prepayments	26	2,749,632	3,973,129
Total Current Assets		184,010,673	176,852,963
Total Assets		287,875,276	271,563,084
Non- Current Liabilities			
Employee benefits – Defined Benefits	27	31,399,401	21,349,733
Current Liabilities			
Employee Liabilities - short term	28	39,305,963	37,969,764
Statutory Liabilities	29	8,419,668	7,137,255
Other creditors and accruals	30	17,362,364	37,329,454
Total Current Liabilities		65,087,995	82,436,473
Total Liabilities		96,487,396	103,786,206
Net Assets		191,387,880	167,776,878
Net Assets			
Capital Grant	31	20,159,655	29,286,771
Revaluation Reserves	32	15,544,527	16,265,470
Accumulated Surplus	33	155,683,698	122,224,637
Total Net Assets/Equity		191,387,880	167,776,878

The responsibilities of the Directors with regard to the preparation of the Financial Statements are set out on page 6.

The financial statement on pages 11 and 42 were approved by the Directors on 31st March, 2025 and were signed on its behalf by:


Noel Nkoma
Board Chairperson


Daniel Mtonga
Acting Director/Chief Executive Officer

The notes on pages 18 to 42 form an integral part of these financial statements.

NATIONAL ROAD FUND AGENCY
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Statement of Changes in Net Assets/Equity

	Notes	Capital Grants	Revaluation Reserves	Accumulated Surplus	Total
		ZMW	ZMW	ZMW	ZMW
At 1st January 2023		48,411,996	16,986,413	24,491,074	89,889,48
Grant written off		-	-	-	-
Surplus for the year		-	-	97,012,620	97,012,62
Transfer		-	(720,943)	720,943	-
Capital Grants amortised		(19,125,225)	-	-	(19,125,225)
At 31st December 2023		29,286,771	16,265,470	122,224,637	167,776,87
At 1st January 2024		29,286,771	16,265,470	122,224,637	167,776,87
Surplus for the year	18	-	-	32,738,118	32,738,11
Transfer	32	-	(720,943)	720,943	-
Capital Grants amortised	31	(9,127,116)	-	-	(9,127,116)
At 31st December 2024		20,159,655	15,544,527	155,683,698	191,387,88

The notes on pages 18 to 42 form an integral part of these financial statements.

Cash flow Statement

	Notes	Year ended 31 December 2024 ZMW	Year ended 31 December 2023 ZMW
Cash (used)/ from operating activities	36	<u>36,909,465</u>	<u>21,770,323</u>
Cash flows from investing activities			
Purchase of property, plant, and equipment	20	(30,767,948)	(17,033,482)
Purchase of intangible assets	21	(4,845,474)	(16,693,244)
Proceeds from the sale of property, plant, and equipment		<u>1,723,569</u>	<u>-</u>
Net cash used in investing activities		<u>(33,889,853)</u>	<u>(33,726,726)</u>
Cash flows from financing activities			
Grants released		<u>-</u>	<u>-</u>
Net cash flows from financing activities		<u>-</u>	<u>-</u>
Increase /Decrease in cash and cash equivalents		<u>3,019,614</u>	<u>(11,956,402)</u>
At the start of the year		2,355,951	14,319,631
Increase/Decrease in cash and cash equivalents		3,019,614	(11,956,402)
Effect of exchange rate movement on cash balances		<u>(209,422)</u>	<u>(7,278)</u>
At the end of the year	22	<u>5,166,143</u>	<u>2,355,951</u>
Cash and cash equivalent is made up of:			
Cash at hand		138,703	88,000
Cash at Bank		<u>5,027,440</u>	<u>2,267,951</u>
Total	22	<u>5,166,143</u>	<u>2,355,951</u>

The notes on pages 18 to 42 form an integral part of these financial statements.

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Statement of Comparison of Budget and Actual Expenditure					Status as at 31 December 2024
	Budget	Actual	Difference		
Revenue	ZMW	ZMW	ZMW		
1 GRZ Grant	12,520,353	12,520,353	-	Fully funded	
2 Road Fund NRFA Grant	473,918,549	473,918,549	-	Fully funded	
3 PPP Supplementary Funding	58,165,794	58,165,794	-	Fully funded	
4 Disposal of assets, interest etc	300,000	1,723,569	(1,423,569)	Realised more than budgeted	
5 Amortisation of Capital Grant	9,127,116	9,127,116	-	Actual amount is as budgeted	
Total income	554,031,812	555,455,381	(1,423,569)		
Expenses					
6 Administration	2,243,099	2,432,636	(189,537)	Deterioration of local currency resulted in high cost of doing business.	
7 Audit and Finance	3,566,192	3,521,682	44,510	Activities were within budgeted amounts	
8 Capital expenditure	13,210,943	6,953,347	6,257,596	A number of procurements had not been completed as at 31 st December 2024	
9 Commemoration of Public events	950,000	1,070,727	(120,727)	Costs were higher than anticipated due to high cost of goods and services.	
10 Board Affairs	4,870,747	5,207,743	(336,996)	Meetings were more than anticipated.	
11 Depreciation	20,688,945	20,688,945	-	Within budget	
12 Human Resource Management	4,860,819	5,083,730	(222,911)	Deterioration of local currency resulted in high cost of doing business.	
13 Integrity Committee	833,125	859,968	(26,843)	High cost of printing integrity posters	
14 Insurance Costs	1,463,643	1,445,805	17,838	Within budget	
15 Information technology (ICT)	4,374,675	2,714,167	1,660,508	Some service level agreements had not been concluded as at year end.	
16 Legal and Professional fees	550,000	295,038	254,962	Law books were not purchased as budgeted	
17 Monitoring and Evaluation	3,589,112	3,184,325	404,787	Fluctuations in fuel pump price resulted in costs to exceed the budget.	
18 Motor Vehicle Costs	6,212,213	5,410,238	801,975	Within budget	
19 Office Building Costs	2,924,354	3,027,838	(103,484)	Deterioration of local currency resulted in high prices of maintenance materials.	
20 Office Equipment & Furniture Costs	350,000	69,047	280,953	No major repairs were undertaken during the year.	
Total expenditure c/d	70,687,867	61,965,236	8,722,631		

NATIONAL ROAD FUND AGENCY

Secretariat

Financial statements

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Statement of Comparison of Budget and Actual Expenditure (Continued)				Status as at 31 December 2024
	Budget	Actual	Difference	
	ZMW	ZMW	ZMW	
Total Expenditure b/d	70,687,867	61,965,236	8,722,631	
21 Procurement Costs	1,355,000	752,716	602,284	No extraordinary meeting undertaken.
22 Publicity Costs	1,370,000	857,698	512,302	Within budget as more activities were undertaken on e-toll publicity on tolling.
23 Risk and compliance activities	500,000	469,053	30,947	Within planned activities
24 Staff emoluments and welfare	112,289,131	110,741,354	1,547,777	Within budget.
Subtotal for Secretariat	186,201,998	174,786,057	11,415,941	
Tolling Operational expenditure				
25 Administration Expenses	88,943,340	87,231,245	1,712,095	Within planned activities
26 Audit and Finance	3,589,254	3,876,611	(287,357)	High costs of field visitations as a result of fluctuations in fuel pump price
27 Cash in Transit (CIT)	14,719,794	15,248,641	(528,847)	High cost of fuel noted during the year
28 Capital expenditure	24,460,368	11,456,024	13,004,344	Most of the procurements were underway to be closed in Quarter 1 of 2025
29 Information Communication Technology (ICT)	600,000	621,091	(21,091)	Slightly over budget due to high cost of doing business
30 Motor Vehicle Costs	3,917,846	4,740,416	(822,570)	High costs of maintenance as operations are 24/7
31 Publicity Costs	4,752,072	4,416,280	335,792	Within planned activities
32 Staff Welfare	3,500,000	2,156,100	1,343,900	Within planned activities
33 State Security Costs	13,500,000	12,914,818	585,182	Within planned activities
34 Staff emoluments	208,936,118	204,277,958	4,658,160	Within budget as three stations were taken over by PPP in November 2024.
35 Toll accessories and consumables	800,000	1,137,159	(337,159)	High cost of doing business due to deterioration of local currency
Total Expenditure c/d	553,920,790	522,862,400	31,058,390	

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Statement of Comparison of Budget and Actual Expenditure (Continued)					Status as at 31 December 2024
	Budget ZMW	Actual ZMW	Difference ZMW		
Total Expenditure b/d	553,920,790	522,862,400	31,058,390		
Actuarial Loss	-	1,208,527	(1,208,527)	Loss as a result of changes in financial assumptions.	
TOTAL EXPENDITURE	553,920,828	524,070,927	29,849,863		
Operating Surplus	111,022	31,384,454	(31,273,432)		
Sundry Income	-	1,353,664	(1,353,664)		
Surplus for the year	111,022	32,738,118	(32,627,096)		

Notes

1 Principal activity of the National Road Fund Agency

The National Road Fund Agency (NRFA) was established by the National Road Fund Act No. 13 of 2002.

The National Road Fund Agency (NRFA) is a statutory organisation whose function is to plan, manage and coordinate finances for the activities in the annual work plans of the Government Agencies/Institutions in the Road sector.

2 Statement of Compliance and Basis of Preparation – IPSAS 1

The Agency's financial statements have been prepared in accordance with and comply with the Accruals basis, International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Zambian Kwacha, which is the functional and reporting currency of the agency. The accounting policies have been consistently applied to all the years presented.

The financial statements have been prepared on the basis of historical cost unless stated otherwise. The cash flow statement is prepared using the direct method. The financial statements are prepared on an accrual basis.

3 General improvements to IPSAS

IPSAS	Summary of Change
IPSAS 1, Presentation of financial statements	The amendments clarify the principles related to: • The right to defer settlement for at least twelve months (with or without covenants); and • The meaning of "settlement" when a liability is rolled over under an existing loan facility. Effective dates is for periods beginning on or after 1st January 2026 and shall be applied retrospectively in accordance with IPSA 3.

4 Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions – IPSAS 23

Fees, taxes, and fines

The agency recognizes revenues from fees, taxes, and fines when the event occurs and the asset recognition criteria are met. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, deferred income is recognized instead of revenue. Other non-exchange revenues are recognized when it is probable that the future

economic benefits or service potential associated with the asset will flow to the agency and the fair value of the asset can be measured reliably.

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services, and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the agency and can be measured reliably.

i) Revenue from non-exchange transactions – IPSAS 9

Rendering of services

The agency recognizes revenue from the rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours.

Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

Sale of goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of the goods and when the amount of revenue can be measured reliably and it is probable that the economic benefits or service potential associated with the transaction will flow to the agency.

Interest income

Interest income is accrued using the effective yield method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income each period.

b) Budget information – IPSAS 24

The annual budget is prepared on an accrual basis, that is, all planned costs and income are presented in a single statement to determine the needs of the agency. As a result of the adoption of the accrual basis for budgeting purposes, there are no basis, timing, or agency differences that would require reconciliation between the actual comparable amounts and the amounts presented as a separate additional financial statement in the statement of comparison of budget and actual amounts.

c) Property, plant, and equipment – IPSAS 17

(i) Recognition and measurements

All property, plant and equipment are stated at historical cost. Items of property, plant and equipment are subsequently measured at cost less accumulated depreciation and accumulated impairment losses and property is subsequently measured at fair value less accumulated depreciation.

Buildings are stated in the statement of financial position at their revalued amounts, being the fair value at the date of revaluation, less any accumulated depreciation and subsequent impairment losses. It is the Agency's policy to perform revaluations with regularity such that the carrying amounts do not differ materially from those that would be determined using fair values at least every five years or when there are changes in the current values of items of property, plant, and equipment being revalued. The revaluation differences are credited to other comprehensive income and accumulated in equity under the heading "revaluation surplus" unless it represents the reversal of a revaluation decrease previously recognized as an expense, in which case it should be recognized as income. A decrease as a result of revaluation is recognized as an expense to the extent that it exceeds any amount previously credited to the revaluation surplus relating to the same asset.

When a revalued asset is disposed of, any revaluation surplus is transferred directly to retained earnings.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost includes the cost of materials and direct labour and any other costs directly attributable to bringing the assets to a working condition for their intended use. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

When parts of an item of property and equipment have different useful lives, they are shown as separate items of property and equipment.

The gain or loss on disposal of an item of property and equipment is determined by comparing the proceeds from disposal with the carrying amount of the property and equipment and is recognized net within other operating income in the statement of profit or loss.

(ii) **Subsequent costs**

The cost of replacing a component of an item of property and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Bank and its cost can be measured reliably. The carrying amount of the replaced component is derecognized. The costs of the day-to-day servicing of property and equipment are recognized in profit or loss as incurred.

(iii) **Depreciation**

Depreciation is based on the cost of the asset less its residual value. Components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property and equipment.

The following are the depreciation rates for each class of Non -Current Assets;

Buildings	2%
Equipment	25%
Motor vehicle	25%
Furniture and fittings	25%

The Agency assesses at each reporting date whether there is any indication that any item of property and equipment is impaired. If any such indication exists, the Bank estimates the recoverable amount of the relevant assets. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable

amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are assessed at the lowest levels for which there are separately identifiable cash flows (cash-generating units). A reversal of an impairment loss is recognized immediately in the statement of comprehensive income unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

d) Intangible assets – IPSAS 31

Computer software

Costs associated with developing or maintaining computer software programmes and the acquisition of software licenses are generally recognized as an expense incurred. However, direct computer software development costs that are clearly associated with an identifiable and unique system, which will be controlled by the Agency and have a probable future economic benefit beyond one year, are recognized as intangible assets. Intangible assets are carried at cost less accumulated amortization and accumulated impairment losses from the date that the assets are available for use. Expenditure subsequently incurred on computer software is capitalized only amortisation is recognized in operating expenses on a straight-line basis at rates appropriate to the expected lives of the assets from the date that the asset is available for use.

The useful life of the intangible assets is assessed as either finite or indefinite. Intangible Assets amortisations rate is 25%.

Amortization methods, useful lives and residual values are reviewed at each financial year end and adjusted, if necessary useful life is tested annually for impairment and additionally when an indicator of impairment exists. The accounting treatment for computer software and other intangible assets is otherwise the same as for tangible assets.

e) Financial instruments – IPSAS 29

Initial recognition and measurement

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments, or available-for-sale financial assets, as appropriate. The Agency determines the classification of its financial assets at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, with less impairment. Amortized cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit.

Held-to-maturity

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Agency has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortized

cost using the effective interest method, with less impairment.

Amortized cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The losses arising from impairment are recognized in surplus or deficit.

Impairment of financial assets

The Agency assesses at each reporting date whether there is objective evidence that a financial asset or an agency of financial assets is impaired. A financial asset or an agency of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the agency of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

The debtors or entity of debtors are experiencing significant financial difficulty Default or delinquency in interest or principal payments

The probability that debtors will enter bankruptcy or other financial reorganization.

Observable data indicates a measurable decrease in estimated future cash flows (e.g. changes in arrears or economic conditions that correlate with defaults)

ii) Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Agency determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

Loans and borrowing

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well as through the effective interest method amortization process. IPSAS 29.

Amortized cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

f) Provisions – IPSAS 19

Provisions are recognized when the Agency has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Agency expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the

reimbursement is virtually certain.

The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

Contingent liabilities

The Agency does not recognize a contingent liability but discloses details of any contingencies in the notes to the financial statements unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

Contingent assets

The Agency does not recognize a contingent asset but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Agency in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

g) Nature and purpose of reserves

The Agency creates and maintains reserves in terms of specific requirements. Agency to state the reserves maintained and appropriate policies adopted.

h) Changes in accounting policies and estimates – IPSAS 3

The Agency recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

I)	Employee benefits – IPSAS 39
(i)	Retirement benefit obligations Defined contribution plan
	The Agency and all its employees contribute to the National Pension Scheme, which is a defined contribution scheme. A defined contribution plan is a retirement benefit plan under which the Agency pays fixed contributions into a separate entity. The Agency's contributions to the defined contribution schemes are charged to profit or loss in the year in which they fall due. Defined benefit plans The cost of the defined benefit pension plan and other post-employment medical benefits and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates, and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting

	date. The parameter most subject to change is the discount rate. In determining the appropriate discount rate, management considers the interest rates of Government bonds in currencies consistent with the currencies of the post-employment benefit obligation and extrapolates as needed along the yield curve to correspond with the expected term of the defined benefit obligation. The underlying bonds are further reviewed for quality. Those having excessive credit spreads are excluded from the analysis of bonds on which the discount rate is based, on the basis that they do not represent high-quality corporate bonds. Liability for a termination benefit is recognized at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognizes any related restructuring costs.
(ii)	Short-term and other long-term employee benefits
	A liability is recognized for benefits accruing to employees in respect of wages and salaries, annual leave, and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service. Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service. Liabilities recognized in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Agency in respect of services provided by employees up to the reporting date.
(iii)	Pensions and other post-employment benefit plans
	The Agency operates an unfunded defined benefit pension plan, which does not require contributions to be made to a separately administered fund. These benefits are not funded in advance. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method. Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognized immediately in the statement of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods. Past service costs are recognized in profit or loss on the earlier of: • The date of the plan amendment or curtailment; and • The date that the Agency recognizes related restructuring costs. Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Agency recognizes the following changes in the net defined benefit obligation under 'salaries and employee benefits' in the statement of profit or loss: • Service costs comprising current service costs, past-service costs, gains and losses on

	curtailments and non-routine settlements; • Interest cost. The Agency also makes contributions according to the National Pension Scheme Authority (or "NAPSA") which is a defined contribution scheme. Membership to NAPSA is compulsory and monthly contributions by both employer and employee are made. The employer's contribution is accounted for in profit or loss as soon as it arises. Short-term benefits, such as salaries, paid absences, and other benefits, are accounted for on an accrual basis over the period in which employees have provided services in the year. Bonuses are recognized to the extent that the Agency has a present obligation to its employees that can be measured reliably. All expenses related to employee benefits are recognized in the profit or loss in staff benefit expenses, which is included within operating expenses.
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j) Foreign currency transactions – IPSAS 4

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

k) Borrowing costs – IPSAS 5

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment.

Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when the construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

l) Related parties – IPSAS 20

The Agency regards a related party as a person or an agency with the ability to exert control individually or jointly or to exercise significant influence over the Agency, or vice versa. Members of key management are regarded as related parties and comprise the senior managers.

m) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at the bank, short-term deposits on call, and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Bank of Zambia and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash, and cash equivalents also include short-term cash imprests and advances to authorized public officers and/or institutions which were not surrendered or accounted for

at the end of the financial year.

n) Comparative figures

Where necessary comparative figures for the previous financial year have been amended or reconfigured to conform to the required changes in presentation.

o) Significant judgments and sources of estimation uncertainty – IPSAS 1

The preparation of the Agency's financial statements in conformity with IPSAS requires management to make judgments, estimates, and assumptions that affect the reported amounts of revenues, expenses, assets, and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

State all judgements, estimates and assumptions made:

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Agency based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Agency. Such changes are reflected in the assumptions when they occur.

Useful lives and residual values

The useful lives and residual values of assets are assessed using the following indicators to inform potential future use and value from disposal:

- The condition of the asset based on the assessment of experts employed by the Agency
- The nature of the asset, its susceptibility, and adaptability to changes in technology and processes.
- The nature of the processes in which the asset is deployed.
- Availability of funding to replace the asset.
- Changes in the market in relation to the asset.

Provisions

Provisions were raised and management determined an estimate based on the information available.

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

Assumptions were used in determining the provision for rehabilitation of landfill sites. Landfill

areas are rehabilitated over years and the assumption was made that the areas stay the same in size for a number of years.

Provision is made for the estimated cost to be incurred on the long-term environmental obligations, comprising expenditure on pollution control and closure over the estimated life of the landfill. The provision is based on the advice and judgment of qualified engineers.

The estimates are discounted at a pre-tax discount rate that reflects current market assessments of the time value of money.

The increase in the rehabilitation provision due to the passage of time is recognized as finance cost in the statement of financial performance.

The cost of ongoing programs to prevent and control pollution and rehabilitate the environment is recognized as an expense when incurred.

p) Subsequent events – IPSAS 14

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended 31 December 2024.

q) Financial Risk Management

(i) Interest Rate Risk

The National Road Fund Agency's (NRFA) exposure to interest rate risk is limited as the National Road Fund Agency (NRFA) does not carry interest-bearing financial assets or liabilities except for operational bank balances.

(ii) Credit Risk

Potential concentration of credit risk consists mainly of cash and cash equivalents, and receivables. The Agency limits its counterparty exposure by dealing with established banks. The Agency has a policy of managing credit exposure to contractors and consultants by obtaining bonds and bank guarantees from well-established financial institutions.

(iii) Liquidity Risk

Liquidity risk arises primarily from an uncertainty in funding and expenditure flows. The Agency manages liquidity risks through the compilation and monitoring of cash flow forecasts. The Agency monitors and controls its expenditures to ensure that they are within budget.

The funding for works is done through the Road Fund managed by the NRFA, which by its creation collects and maintains a satisfactory level of cash and cash equivalents to meet the funding requirements of all works included in the annual work plan.

r) Current versus noncurrent classification

The project presents assets and liabilities in statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle.
- Held primarily for the purpose of trading.
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.
- All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle.
- It is held primarily for the purpose of trading.
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. The branch classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Notes (continued)

5. Parliamentary Appropriation Grant

	Year ended 31 December 2024 ZMW	Year ended 31 December 2023 ZMW
Operational Grant	<u>12,520,353</u>	<u>12,520,388</u>

The Operational Grant to the Agency is in line with **Section 18 (1) (a) of the National Road Fund Act No. 13 of 2002**, which states that the funds of the Agency shall consist of such monies as may, be appropriated to the Agency by Parliament for the purposes of the Agency.

6. Operational Grant

	Year ended 31 December 2024 ZMW	Year ended 31 December 2023 ZMW
Road Fund Grant	<u>149,936,105</u>	<u>120,000,000</u>

The Road Fund Operational Grant to the Agency is part of the Operational Funding to the three (3) Agencies, namely the National Road Fund Agency, Road Development Agency, and Road Transport and Safety Agency, which is in line with **Section 17 of the National Road Fund Act No. 13 of 2002**. **Section 17 (c)** states that: 'The Agency shall apply the monies of the Road Fund for the Operations of the Agency (NRFA), the Road Development Agency and the Road Transport and Safety Agency, provided that the monies paid out of the Road Fund for the operations of the three Agencies shall not exceed **ten per centum** of the monies **paid into** the Road Fund under (**Section 16**) paragraphs (a) to (f) of subsection (2).'

7. Road Fund Tolling Project Grant

	Year ended 31 December 2024 ZMW	Year ended 31 December 2023 ZMW
Road Fund Grant	<u>323,982,444</u>	<u>345,730,000</u>

The Road Fund Tolling Project Grant is in line with **Section 18 (1) (b)**, which states that: 'The funds of the Agency shall consist of such monies as may, with the approval of the Minister, be allocated to the Agency from the Road Fund'.

8. Supplementary Funding PPP

	Year ended 31 December 2024 ZMW	Year ended 31 December 2023 ZMW
Supplementary funding- PPP	<u>58,165,794</u>	<u>-</u>

The funding relating to the redundancy packages of staff from the three toll stations taken over by the concessionaire on the Lusaka- Ndola dual carriage way under the Public Private Partnership arrangement.

Notes (continued)

9. Amortisation of Capital Grants

	Year ended 31 December 2024 ZMW	Year ended 31 December 2023 ZMW
Amortisation of Capital Grants	9,127,116	19,125,225

The Capital Grant has been amortised in line with the depreciation policy of the respective fixed assets.

10. Board Remuneration

	Year ended 31 December 2024 ZMW	Year ended 31 December 2023 ZMW
Board Fees	3,911,805	2,606,869

11. Depreciation/Amortisation

	Year ended 31 December 2024 ZMW	Year ended 31 December 2023 ZMW
Property, Plant, and Equipment-Note 26	20,166,640	22,185,996
Amortisation -Intangible– Note 27	522,305	-
Total	20,688,945	22,185,996

12. Employment Expenses

	Year ended 31 December 2024 ZMW	Year ended 31 December 2023 ZMW
Staff Salaries and Wages	261,501,251	202,884,313
Staff Gratuity	13,804,115	11,468,577
Staff Leave pay	21,755,330	26,455,987
Total	297,060,696	240,808,877

Notes (continued)

13. General expenses	Year ended 31 December 2024 ZMW	Year ended 31 December 2023 ZMW
Advertising		
ARMFA expenses	1,081,056	141,407
Audit fees	397,552	497,382
Bank charges	384,718	250,000
Board expenses	1,115,938	274,011
Bad debt written off	34,797	420,198
Cleaning expenses	496,523	-
Committees costs	752,716	399,583
Personal Protective Equipment (PPE)	319,400	1,124,096
Electricity and water	382,139	-
Fuel and oil	4,183,349	247,429
Functions and meetings	3,049,859	3,422,655
Group life Assurance	1,393,428	3,169,746
Information dissemination	857,699	1,174,833
Information Technology services	2,590,659	45,240
Integrity committee	859,968	2,617,650
Insurance	1,112,323	841,036
Licenses and rates	44,353	1,050,805
Loss on disposal of assets	4,046,425	35,063
Medical expenses	3,787,789	-
Monitoring and evaluation	2,049,913	3,298,550
NAPSA penalties	-	1,832,484
Office expenses	384,034	-
Postage and telephone	1,472,214	375,857
Printing and stationery	1,035,916	1,384,051
Professional and legal fees	295,038	1,047,583
PPP Transition costs	58,165,794	163,381
Subscription	145,239	-
Security costs	163,328	287,489
Software licenses	1,825,451	147,600
Staff Recruitment	67,407	-
Staff welfare	403,657	648,237
Staff Pension benefit Costs	12,655,227	8,948,794
Service level agreement costs	1,134,411	-
Risk and Compliance Activities	469,053	-
Workers compensation	288,852	268,168
Workshop and seminars	1,903,137	1,819,031
Total	109,349,362	36,739,704

The PPP transition costs amounting to **K58,165,794.00** relate to redundancy packages of staff from the three toll stations taken over by the concessionaire on the Lusaka- Ndola dual carriage way under the Public Private Partnership arrangement. The Government of the Republic of Zambia signed a concession agreement with MOIC-LN Consortium Limited on 28th February 2023 to take over three (3) toll stations namely Katuba, Manyumbi and Kafulafuta. The agreement came into effect on the 19th August 2024 when the concessionaire took over the revenue collection whilst the 110 affected employees separated from the Agency on 30th November 2024. The separation process was done in full consultation with the Ministry of Labour and Social Security.

Notes (continued)

14. Repairs and Maintenance

	Year ended 31 December 2024 ZMW	Year ended 31 December 2023 ZMW
Property	676,964	488,099
Equipment	69,047	76,511
Vehicles	1,182,536	1,383,726
Total	1,928,547	1,948,336

15. Tolling Expenses

	Year ended 31 December 2024 ZMW	Year ended 31 December 2023 ZMW
Advertising	2,275,248	201,902
Audits for OAG, MOF and internal	3,876,611	1,835,248
Bank Charges	109,740	88,495
Building repairs	1,601,265	1,202,213
Cash in transit Transportation Costs	15,248,641	13,283,842
Cleaning Expenses	519,413	472,485
Personal Protective Equipment (PPE)	-	35,600
Electricity	1,268,943	1,161,048
E-Toll messages	1,317,894	647,792
Fuel costs	12,091,505	7,203,284
Functions, meeting and training	368,566	1,248,282
Group life Assurance	697,426	-
Information Dissemination	2,141,032	1,342,748
Information Communication Technology (ICT)	621,091	475,157
Insurance	1,393,804	785,335
Medical expenses	5,443,441	4,901,619
Monitoring and Evaluation	3,590,741	3,127,289
Office equipment expenses	1,446,254	918,195
Other Expenses – E toll Cards	-	-
Security allowances	12,914,818	13,823,846
Postage and telephone	5,420,196	5,468,799
Printing and stationery	4,350,898	1,530,062
Professional and legal fees	148,256	-
Repairs and maintenance-Motor vehicles	3,710,201	3,134,606
Rent, licenses and rates	89,646	33,750
Toll plaza upgrades	-	22,588,958
Toll station accessories and consumables	1,141,714	2,404,993
Staff Relocation and travel	1,071,490	1,807,355
Staff welfare	2,156,100	3,555,653
Staff recruitment	-	53,617
Staff uniforms	745,000	289,780
Service Level Agreements	2,287,526	3,990,720
Workers compensation	129,984	-
Wages	22,032	32,160
Total Tolling	88,199,476	97,644,833

Notes (continued)

16. Sundry Income

	Year ended 31 December 2024 ZMW	Year ended 31 December 2023 ZMW
Exchange Gains	6,772	31,655
Tender Documents	14,500	112,076
Profit on sale of assets	-	-
Interest on staff Loans	17,398	6,850
Compensation for Toll infrastructure damage	1,314,994	187,270
Total sundry income	1,353,664	337,851

17. Other Comprehensive Income

	Year ended 31 December 2024 ZMW	Year ended 31 December 2023 ZMW
Actuarial (loss) / Gains	(1,208,527)	1,233,771

Other comprehensive income relates to actuarial remeasurement loss or gains arising from the change in financial assumptions on the unfunded pension benefit scheme.

18. Profit for the Year breakdown

	Year ended 31 December 2024 ZMW	Year ended 31 December 2023 ZMW
(a) Furniture, fixtures and fittings	2,918,000	12,954,209
(b) ICT systems and service level Agreements	4,000,000	26,554,456
(c) Office equipment e.g. desktop, laptops UPs	15,861,221	12,119,896
(d) Motor vehicles	8,892,031	15,924,784
(e) Toll accessories	-	1,276,030
(f) Savings from various expenditure lines	1,066,866	28,183,245
Total	32,738,118	97,012,620

19. Taxation

The National Road Fund Agency (NRFA) is exempt from the provision of the Income Tax Act.

Notes (continued)

20. Property, plant and equipment

	Land & Buildings ZMW	Motor Vehicles ZMW	Office Equipment ZMW	Furniture & Fittings ZMW	Total ZMW
Cost					
At 1 January 2023	26,991,000	71,103,844	35,875,874	13,642,465	147,613,183
Additions	-	8,047,805	6,423,146	2,562,531	17,033,482
At 31 December 2023	<u>26,991,000</u>	<u>79,151,649</u>	<u>42,299,020</u>	<u>16,204,996</u>	<u>164,646,665</u>
Cost					
At 1 January 2024	26,991,000	79,151,649	42,299,020	16,204,996	164,646,665
Additions	-	6,541,874	14,543,797	9,682,277	30,767,948
Disposal		(13,374,353)	(293,428)		(13,667,781)
At 31 December 2024	<u>26,991,000</u>	<u>72,319,170</u>	<u>56,549,389</u>	<u>25,887,273</u>	<u>181,746,832</u>
Depreciation					
At 1 January 2023	2,159,280	53,832,941	19,183,083	8,545,471	83,720,775
Charge for the year	539,820	11,774,134	7,403,440	2,468,602	22,185,996
At 31 December 2023	<u>2,699,100</u>	<u>65,607,075</u>	<u>26,586,523</u>	<u>11,014,073</u>	<u>105,906,771</u>
Depreciation					
At 1 January 2024	2,699,100	65,607,075	26,586,523	11,014,073	105,906,771
Charge for the Year	539,820	6,436,808	9,563,466	3,626,546	20,166,640
Disposal		(11,067,726)	(173,373)		(11,241,099)
At 31 December 2024	<u>3,238,920</u>	<u>60,976,157</u>	<u>35,976,616</u>	<u>14,640,619</u>	<u>114,832,312</u>
Net Book Value					
At 31 December 2024	<u>23,752,080</u>	<u>11,343,013</u>	<u>20,572,773</u>	<u>11,246,654</u>	<u>66,914,520</u>
At 31 December 2023	<u>24,291,900</u>	<u>13,544,574</u>	<u>15,712,497</u>	<u>5,190,923</u>	<u>58,739,894</u>

Notes (continued)

21. Intangible Assets

	Year ended 31 December 2024 ZMW	Year ended 31 December 2023 ZMW
At start of the period	35,970,227	19,276,984
Additions	4,845,474	16,693,243
	40,815,701	35,970,227
Less Disposal (Decommissioned)	(3,343,313)	-
Less amortisation	(522,305)	-
At end of the period	36,950,083	35,970,227

These are Financial Management System (FMS), Contract Management System (CMS), Toll Management System (TMS) and Audit Software. The Agency operated three standalone toll management system. During the year, two were decommissioned. The decommissioned software was not compatible to new technological changes.

The toll management system has indefinite useful life as they are always being upgraded and enhanced to meet technological changes whilst the contract management system is still under development.

22. Cash and cash equivalents

	Year ended 31 December 2024 ZMW	Year ended 31 December 2023 ZMW
Cash-on-hand	138,703	88,000
Bank	5,027,440	2,267,951
	5,166,143	2,355,951

23. Staff Advances and Imprest

	Year ended 31 December 2024 ZMW	Year ended 31 December 2023 ZMW
Staff Salary Advances	1,345,278	945,919
Staff other receivables	-	34,798
Staff Imprest	121,597	161,058
Secretariat current account	-	10,120
	1,466,875	1,151,895

Notes (continued)

24. Grant Receivable

	Year ended 31 December 2024 ZMW	Year ended 31 December 2023 ZMW
Road Fund Grant Receivable	167,653,431	39,556,186
PPP Receivable	13,973,344	-
Grant received during the year	(10,318,736)	-
Road Fund 2023 Grant Receivable	-	128,097,245
Total	171,308,039	167,653,431

Grants Receivable Ageing Analysis

	Days	Years		
Current	1 - 360	2024	13,973,344	128,097,245
1 Years Old	361-720	2023	117,778,509	39,556,186
2 Years Old	721-1,080	2022	39,556,186	-
Total			171,308,039	167,653,431

25. Inventories

	Year ended 31 December 2024 ZMW	Year ended 31 December 2023 ZMW
Stationery	3,319,984	1,718,557
Total	3,319,984	1,718,557

26. Prepayments

	Year ended 31 December 2024 ZMW	Year ended 31 December 2023 ZMW
Prepayments	2,749,632	3,973,129
Total	2,749,632	3,973,129

27. Employee Benefits – Long term

Employee benefits relates to the liability accrued in respect of the unfunded Pension Benefit Scheme for staff on permanent and pensionable basis. Funding to the scheme shall be provided for upon the staff attaining the age of 52 years for early retirement at 55 years

	Year ended 31 December 2024 ZMW	Year ended 31 December 2023 ZMW
Recognised liability for defined benefit obligations	31,399,401	21,349,733

Notes (continued)

	Year ended 31 December 2024 ZMW	Year ended 31 December 2023 ZMW
Movement in the present value plan assets		
Benefits paid by the plan	(3,814,085)	(1,247,443)

The following tables summarise the components of net benefit expense recognized in the statement of profit or loss and the funded status and amounts recognised in the statement of financial position for the respective plans:

	Year ended 31 December 2024 ZMW	Year ended 31 December 2023 ZMW
Expenses recognised in profit or loss		
• Current service costs	6,604,359	4,407,366
• Interest costs	6,050,868	4,541,427
• Past service costs	-	-
Recognised expense for defined benefit obligations	12,655,227	8,948,794
Return on plan assets (excluding amounts in net interest)		-
Loss from change in demographic assumptions		-
(Gain) from the change in financial assumptions	1,208,527	1,991,550
Experience (Gains)/losses	-	(3,225,321)
Change in impact of the asset ceiling	-	-
Defined benefit remeasurement (loss) / gain	1,208,527	(1,233,771)
	Year ended 31 December 2024 ZMW	Year ended 31 December 2023 ZMW
Opening balance	21,349,733	14,882,154
Service cost	6,604,359	4,407,366
Interest cost	6,050,868	4,541,427
Past service cost	-	-
Benefits paid	(3,814,085)	(1,247,443)
Change in Financial Assumptions	1,208,526	1,991,550
Actuarial (Gains)/Losses	-	(3,225,321)
Recognised liability for defined benefit obligations	31,399,401	21,349,733
Permanent employees	31,399,401	21,349,733
Contract employees	-	-
Recognised liability for defined benefit obligations	31,399,401	21,349,733

Actuarial assumptions

Actuarial assumptions are the Employer's best estimates of the variables that will determine the ultimate

Notes (continued)

ultimate cost of providing post-employment benefits. Actuarial assumptions allowed for include:

- The discount rate (the rate used to discount post-employment benefit obligation)
- The rate at which salaries increase into the future;
- The mortality (deaths) expected of the members in the Fund before retirement;
- The rates of employee turnover and disability;

Financial assumptions shall be based on market expectations, at the end of the reporting period, for the period over which the obligations are to be settled.

Discount rate

The discount rate reflects the time value of money and the estimated timing of benefit payments.

According to IPSAS 39, the rate used to discount terminal benefit obligations shall be determined by reference to market yields at the end of the reporting period on high-quality corporate bonds. In countries where there is no deep market in such bonds, the market yields (at the end of the reporting period) on government bonds shall be used.

Zambia does not have an active developed market for corporate bonds. The actuaries investigated the state of development of the Government Bond market in Zambia.

The Zambian economy currently does not have a well-developed corporate bond market with appropriate long-term bonds which are normally used as benchmarks in setting discount rates. We have therefore relied on the tender results of the latest GRZ Bond auction held on 20 December 2024 which disclosed yields of 16.5% for a 2-year bond, 20.8% for a 5-year bond, 22.5% for a 10-year bond and 23.5% for a 15-year bond. The discount rate is based on these figures as they are the latest recorded values for December 2023 according to the information at hand.

We have therefore set the discount rate at 23.5% as at 31st December 2024 for the purpose of IPSAS 39 actuarial valuation.

Key valuation assumptions for 2024

	Year ended 31 December 2024 ZMW	Year ended 31 December 2023 ZMW
Discount rate at 31 December:		
• Permanent employees	23.50	26.70%
Expected return on plan assets at 1 January:		
Future salary increases	12.00	12.00%
Medical cost trend rate	-	N/A
Future pension increase	-	N/A
Inflation	10.00%	10.00%

Notes (continued)

Long service awards payable on the 10th, 15th, and 20th anniversary of service will remain at current levels and will be subject to a marginal rate of tax equal to 30%. The Actuaries increased the long service benefit amount with the estimated tax rate as the full liability is payable by the employer

The table below summarises the financial assumptions adopted as at 31 December 2024 and 31 December 2023.

Notes (continued)

Key valuation assumptions

		Year ended 31 December 2024 ZMW	Year ended 31 December 2023 ZMW
Discount rate - permanent		23.50%	26.70%
Discount rate - contract		-	-
Long term inflation		10.00%	10.00%
Salary increase		12.00%	12.00%
Assumption	Change	Impact on DBO 2024 ZMW	Impact on DBO 2023 ZMW
Discount rate	+1%	(3,189,507)	(1,903,339)
	-1%	3,730,115	2,201,924
Salary increase	+1%	3,600,176	2,496,346
	-1%	(3,061,020)	(2,155,466)

The sensitivity of the defined benefit obligation (DBO) to significant actuarial assumptions has been calculated using the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) used when calculating the pension liability recognized within the statement of financial position.

The sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated.

Notes (continued)

Asset-liability risk management

The plan is unfunded so does not apply any risk-

Effect of the defined benefit plan on the entity's future cash

The plan is unfunded. No contributions will be paid into the plan over the next reporting period except for benefits that will be paid by the employer as and when they fall due.

The actuaries have estimated the weighted average duration of the plan (for permanent employees) to be 23.61 years (2023: 25.04 years).

Notes (continued)

28. Staff Related Liabilities

	Year ended 31 December 2024 ZMW	Year ended 31 December 2023 ZMW
Staff Leave Payable	27,557,655	25,673,655
Staff Gratuity Payable	11,692,547	11,952,436
Other Staff liabilities	55,761	343,673
Total	39,305,963	37,969,764

29 Statutory liabilities – Within One (1) Year

	Year ended 31 December 2024 ZMW	Year ended 31 December 2023 ZMW
Zambia Revenue Authority - PAYE	6,758,998	5,585,259
National Pensions Authority	1,660,670	1,551,996
Total	8,419,668	7,137,255

30 Other Creditors and Accruals

	Year ended 31 December 2024 ZMW	Year ended 31 December 2023 ZMW
Audit fees and provisions	270,000	-
Cash in Transit Suppliers	2,541,440	2,778,984
Other provisions-State security	1,861,650	4,676,407
Sundry Suppliers	10,173,858	5,685,400
Supplier of Toll Management system	-	14,166,938
Suppliers of e-toll messages	-	1,042,323
Motor vehicle services suppliers	361,225	6,342,144
Statutory Obligations	1,660,670	2,149,915
Wide area networks suppliers	493,521	487,343
Total	17,362,364	37,329,454

31. Capital Grants

	Year ended 31 December 2024 ZMW	Year ended 31 December 2023 ZMW
Opening balance	29,286,771	48,411,996
Grant written off	-	-
Capital Grants amortised	(9,127,116)	(19,125,225)
Closing balance	20,159,655	29,286,771

Notes (continued)

Capital grants relate to the capital items purchased by Road Fund on behalf of Secretariat and/or tolling operations prior to 2022. These assets were capitalised in Secretariat and are being amortised over their useful lives.

32. Revaluation Reserve

Opening balance	16,265,470	16,986,413
Transfers to accumulated surplus	(720,943)	(720,943)
Closing balance	15,544,527	16,265,470

Revaluation reserve relates to the revaluation gains amounting to K19.97 million realized from the revaluation of the fixed asset in use prior to 2019 undertaken by the Government Revaluation with the final report issued on 23rd October 2019. After the revaluation exercise and in compliance with IPSAS 17, Property, Plant and Equipment, all Agency assets are carried at revalued amount which is a fair value at revaluation date, less subsequent depreciation and impairment losses.

33. Accumulated Surplus

	Year ended 31 December 2024 ZMW	Year ended 31 December 2023 ZMW
Opening balance	122,224,637	24,491,074
Transfers from Revaluation Reserves	720,943	720,943
Surplus for the year (Note 20)	32,738,118	97,012,620
Closing balance	155,683,698	122,224,637

- (i) Transfers relates to Transfers from the revaluation reserves to the profit earned or loss incurred during the year.

- (ii) Surplus for the year as tabulated below relate to a number of capital items that were under way to be concluded in quarter 1 of 2025. The delays to conclude these procurements were attributable to re-tendering processes because of deterioration of local currency.

34. Contingent Liabilities

There were no contingent liabilities at the year-end.

Notes (continued)

35. Capital Commitments

	Year ended 31 December 2024 ZMW	Year ended 31 December 2023 ZMW
Motor Vehicles	-	19,869,607
Office Equipment	10,000,000	3,500,000
Office Furniture and Fittings	17,150,000	20,650,000
ICT Software and Hardware	8,225,000	17,025,000
Total	35,375,000	61,044,607

The Board, at its sitting held on 12th September 2024 approved the Tolling and Secretariat 2025 budget which included the purchase of the above capital items.

36. Cash Generated from Operations

	Notes	Year Ended 31 December 2024 ZMW	Year Ended 31 December 2023 ZMW
Surplus for the year	18	32,738,118	97,012,620
Adjusted for:			
Foreign exchange gains		209,422	7,278
Depreciation and amortisation	11	20,688,945	22,185,996
Amortisation of capital grants	31	(9,127,116)	(19,125,225)
Loss on disposal of assets		4,046,425	-
Increase/Decrease in staff loans and advances	23	(314,981)	121,269
Increase in other receivables	24	(3,654,607)	(128,097,245)
Increase in inventories	25	(1,601,427)	(582,508)
Increase in staff liabilities	27&28	11,385,867	16,968,216
Decrease in deferred income		-	(1,000)
Decrease in prepayments	26	1,223,495	1,503,830
Decrease/Increase in other creditors	30	(19,967,089)	24,645,870
Increase in statutory liabilities	29	1,282,413	7,131,222
Cash from (used) on operations		36,909,465	21,770,323





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